



Utah Counties Insurance Pool  
*Serving Counties Since 1992*

# AGENDA

## BOARD OF TRUSTEES MEETING

January 15, 2004, 11:30 a.m.  
Utah Counties Insurance Pool Building  
5397 South Vine Street, SLC, UT

**PLEASE READ:**  
**PLEASE BRING:**

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Lunch

Call to Order

Dan McConkie

Review of Board Members Absent

Approval of December Minutes

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### ITEM INFORMATION

- |   |                               |              |
|---|-------------------------------|--------------|
| 1 | Status of Building Agreement  | Dan McConkie |
| 2 | Broker's Report               | John Chino   |
| 3 | Director's Report             | Lester Nixon |
| 4 | Loss Control Manager's Report | Mark Brady   |

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### ACTION

- |    |  |               |
|----|--|---------------|
| 5  | Approve Joint Policy Statement Revisions<br>A. Special Service Districts<br>B. Investments                                     | Lester Nixon  |
| 6  | Approve 2004 Coverage Agreement  |               |
| 7  | Approve HRA Resolution   |               |
| 8  | Approve Workers Compensation Budget  |               |
| 9  | Set Date and Time for Closed Meeting<br>to Discuss Pending or Reasonably Imminent Litigation                                   |               |
| 10 | Action on Litigation Matters   | Kent Sundberg |
| 11 | Set Date and Time for Closed Meeting<br>to Discuss Character, Professional Competence, Physical/Mental Health of an Individual |               |
| 12 | Ratification and Approval of Payments  | Gene Roundy   |

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Wrap-up

Other Business

Next Meeting, Reschedule April Meeting & June Retreat/Meeting

Adjourn

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**ADDITIONAL INSTRUCTIONS:**





Utah Counties Insurance Pool  
*Serving Counties Since 1992*

## MINUTES

January 15, 2004, 11:30 a.m.  
Utah Counties Insurance Pool Building, Murray, Utah

### BOARD MEMBERS PRESENT

Dan McConkie, *President*, Davis County Commissioner  
Lynn Lemon, *Vice President*, Cache County Executive  
Gene Roundy, *Secretary-Treasurer*, Iron County Commissioner  
Steve Baker, Davis County Personnel Director  
Ken Bischoff, Weber County Commissioner  
Kay Blackwell, Piute County Commissioner  
Ira Hatch, Emery County Commissioner  
Kent Sundberg, Utah County Deputy Attorney  
Steve Wall, Sevier County Clerk-Auditor

### BOARD MEMBERS ABSENT

Jim Eardley, Washington County Commissioner  
Jerry Grover, Utah County Commissioner  
Ed Phillips, Millard County Sheriff

### OTHERS PRESENT

Lester Nixon, Director  
Mark Brady, Loss Control Manager  
Sonya White, Executive Assistant  
Korby Siggard, Claims Manager  
Charmaine Green, Claims Specialist  
Patsy Clarke, Alternative Service Concepts, Senior Claims Adjuster  
John Chino, Arthur J. Gallagher, Vice President

### CALL to ORDER

Dan McConkie called the meeting to order at 11:30 a.m. and welcomed those in attendance.

### REVIEW of BOARD MEMBERS ABSENT

Jim Eardley requested to be excused from this meeting due to a conflicting meeting schedule. Jerry Grover requested to be excused from this meeting due to a family vacation. Ed Phillips requested to be excused from this meeting to attend the Sheriff's Association meeting. Gene Roundy made a motion to excuse Jim Eardley, Jerry Grover and Ed Phillips from this meeting. Steve Baker seconded the motion, which passed unanimously.

### APPROVAL of MINUTES

The minutes from the Board of Trustees meeting held December 18, 2003 were previously sent to the Board for review. Steve Wall recommended that the following corrections be made: 1) Page two, RECEIVE THIRD QUARTER FINANCIAL STATEMENTS, *Lynn Lemon suggested that it would be helpful to have a prior year column and a difference column. added to the financials would be helpful.* 2) Page six, RATIFICATION and APPROVAL of PAYMENTS, *payment* corrected to *payments* in the second sentence. Steve Wall made a motion to approve the December 18, 2003 meeting minutes as corrected. Gene Roundy seconded the motion, which passed unanimously.





## STATUS of BUILDING AGREEMENT

Dan McConkie reported that today the Utah Association of Counties (UAC) President, LaMar Guymon, gave him a draft copy of the three page building agreement. In the conversations he has had with LaMar, it was explained that the loan and bond on the building was initially created with UAC as the owner and custodian. When the Insurance Pool wanted ownership, the agreement was rewritten to include 38% Pool ownership with a 2012 obligation on the loan and bond. As soon as possible, the UAC Executive Committee would like to meet with the officers of the Pool to work through any concerns with the agreement so that the final agreement can be presented to both Boards. Kent Sundberg questioned how the 36 page original building agreement could be revised to three pages when the future of the building is to be addressed. Dan said this draft agreement details lobbying, sponsorship and exclusivity. Lynn Lemon asked about the basement build out but Dan said this was not discussed with UAC. Dan reported that Bill Peters, UAC's attorney, agrees with the revisions made to the agreement. Kent asked if the Pool's attorney, Craig Wentz, had reviewed the document and Dan said no. Kent explained that the original agreement was brought about because of the amount of rent the Pool was paying to UAC. It was decided that the Pool would not pay that amount without having equity in the building. The original agreement was not signed by either board but there was an understanding on joint ownership. There are too many unanswered questions that cannot be addressed in a three page document. Members of the Board asked if Lester Nixon had seen the draft agreement and Lester stated that he had not. The next step is for the officers of the Board to meet with the UAC Executive Committee.

## BROKER'S REPORT

John Chino reported that he is finalizing coverage to bind for the 2004 policy year (see attachment #1). Major improvements have been made to the crime coverage with \$1 million for each county except Washington and Weber as they require additional limits of \$350,000 and \$500,000. The premium is \$32,844 for the \$1 million limit. The Tooele County endorsement and the premium for the additional limits will be shown on the renewal binder.

Excess insurance for the County's Workers Comp Program has been bound and Gallagher is working on securing a self-insurance bond as required by the Utah Labor Commission for the Program.

## DIRECTOR'S REPORT

**Introductions.** With the hire of the VeriClaim staff, Lester Nixon introduced Charmaine Green, Claims Specialist, who works directly with Korby Siggard. Charmaine worked for VeriClaim for four years and has done a great job for the Pool. Lester also introduced Patsy Clarke, Senior Claims Adjuster, Alternative Service Concepts. Patsy is handling the workers comp claims and has already been in contact with several of the counties. Patsy is housed at an off-site location, 515 East 4500 South in Salt Lake City.

**Claims Conversion.** Lester reported that there is a problem with the claims data conversion. As of December 31, the Pool's liaison with VeriClaim, Kevin Lindell, is no longer with the company. Kevin told the VeriClaim IT Department that the Pool did not need any additional claims data except for the regular monthly reports in order to make the data conversion. The Pool needs the entire backup, which includes all the financial information on each claim, diaries and adjuster notes. VeriClaim's IT Department said it will cost \$10,000 to rewrite the programming to release the Pool's data. The contract with VeriClaim does not specifically address this issue. Lester asked Attorney Jesse Trentadue to contact VeriClaim's CEO to negotiate. At this point, the Pool has the ability to set-up new claims and manually issue checks.

**AGRiP Spring Conference.** Lester explained that AGRiP is having its Spring Conference March 22-24 in Santa Barbara (see attachment #2). The Spring Conference is usually for Pool staff but this time has some items of interest to the Board. If any Trustee wants to attend, contact Sonya White to make the arrangements.

**Tooele County.** Lester reported that effective January 1, 2004, Tooele County has rejoined the Pool. On December 31, Lester spent a few hours with the Commission answering questions and confirming the County's membership. The Board was happy that Tooele County has joined the Pool.

**Governmental Immunity Act.** Lester Nixon explained that Andrew Morris, Attorney with Snow Christensen Martineau, was asked by Utah Local Governments Trust (ULGT) to rewrite the Governmental



Immunity Act. Mr. Morris was the attorney on the Laney vs. Fairview City case. Mr. Morris has approached the Pool and the Utah Risk Management Mutual Association (URMMA) requesting that each pay one third of his \$30,000 fee to rewrite the Act. URMMA has paid some monies. In New Mexico, Lester explained, the Pool went to the state risk manager who used a staff attorney to rewrite the Governmental Immunity Act at no cost to the Pool. UCIP did not ask Mr. Morris to rewrite the Act. The Board decided to decline Mr. Morris' request and not pay one third of the costs.

#### LOSS CONTROL MANAGER'S REPORT

**Risk Management Program.** Mark Brady reviewed the proposed 2004 Risk Management Program with the Board (see attachment #3). Changes from last year's program are as follows: 1) Section 1.1, page one, prerequisite added recommending that *A risk manager or safety officer who is responsible for the implementation of the UCIP Risk Management Program must be appointed by the county Commission/Council.* 2) Section 1.3, page one, prerequisite change of date, June 1 to August 31, for renewal information to be received. 3) Section 2.1 and 2.2 must be met to receive any credit under this section. 4) Section 3.2, page five, added *The county has verified that it does/does not comply with the requirements of the County Personnel Management Act.* 5) Section 3.4, page five, and 3.6, page six, refined to reflect that not all counties provide a hard copy of the personnel policies and procedures to their employees. Section 3.4 will read: *The county has written personnel policies and procedures and has distributed a copy to each employee. In the alternative, the county has made a copy available to the employee and explained to the employee in writing where a copy of the policies can be obtained for reference. Each employee has signed a statement that the employee has been oriented and that the employee knows how to access the policy.* Section 3.6 will read: *The county reviews and/or updates the personnel policies and procedures on an annual basis and that each employee is notified of each update.* 6) Section 4, page 7, Law Enforcement credits increased, more training required and a separate section for corrections personnel is added. Sheriff's Office personnel receive EVO training at least every third year if they're involved in patrol duty. 7) Section 5, page 8, Public Works/Road Crew maximum credit 11%. Section 5.3 added *County road department personnel have received job-specific safety training on heavy equipment and other machinery prior to operation on a particular project. County shall document and keep records of all such training for inspection by UCIP.* 8) Section 5.5 requiring pre-trip inspections. 9) Section 10, Special Service Districts, deleted due to the requirements under the Joint Policy statement.

**Training.** The Facilities Management Conference is scheduled for February 26 at the Utah County Historic Courthouse. The Planning and Zoning Conference is scheduled for April 1 at the Utah County Administration Building. Announcements will be sent.

#### APPROVE JOINT POLICY STATEMENT REVISIONS

**Special Service Districts.** Lester Nixon provided a strikethrough copy of the proposed amendments to the Joint Policy on Insurance Coverage for Special Service Districts, Children's Justice Centers, and Other Entities (see attachment #4). By changing the word *provide* to *appropriate* in Section 1.b the concerns of the Board should be resolved. The governing body makes so many appointments and with confidence in their appointments the body has ultimate control. New Section 3 reads: *County health departments and multi-county health departments are eligible for coverage, either through the member county or as a separate, nonvoting insured, provided the organization of the health department is established under Title 26A of the Utah Code.* The company name has also been changed throughout the policy. Lynn Lemon made a motion to accept the Joint Policy on Insurance Coverage for Special Service Districts, Children's Justice Centers, and Other Entities as amended. Steve Wall seconded the motion, which passed unanimously.

**Investments.** Lester Nixon recommended that the Board replace the Joint Policy on Investments with the Investment Policy approved by the Board on December 18, 2003. Gene Roundy made a motion to replace the Joint Policy on Investments with the language approved by the Board in the Investment Policy. Ken Bischoff seconded the motion, which passed unanimously.

#### APPROVE 2004 COVERAGE AGREEMENT

Lester Nixon explained that the Coverage Agreement Review Committee met and reviewed 12 proposed amendments to the 2004 Coverage Agreement (see attachment #5). Each change was reviewed with the



Board as well as information regarding the additional crime limits and addition of computer fraud. Kent Sundberg said that in reviewing Utah County's ordinances, references were found regarding a separate Treasurer's bond and recommended that the Pool notify the counties that ordinances may need to be changed to reflect the current statute. Lester said that he will address this at the Insurance Coordinator's Workshop in April. Ken Bischoff made a motion to approve the recommended amendments and adopt the 2004 Coverage Agreement as presented. Kent Sundberg seconded the motion, which passed unanimously.

#### APPROVE HRA RESOLUTION

Lester Nixon explained that as part of the employee benefits package, UCIP provides a \$200 annual benefit for each employee, spouse and each child. This benefit was carried over from what the employees were receiving from the Utah Association of Counties under a Section 125 Cafeteria Plan. As staff researched this benefit, it was found that a Section 105 Health Reimbursement Arrangement (HRA) better fit the reimbursements of qualified medical expenses and allowed employees to carry forward any unused funds to the following year. If an employee quits or is fired the unused funds go back into the general fund. To implement this plan, Lester reviewed a draft resolution with the Board (see attachment #6). Ira Hatch made a motion to approve Resolution Number 2004-1 for the Establishment of a Health Reimbursement Arrangement. Ken Bischoff seconded the motion, which passed unanimously.

#### APPROVE WORKERS COMPENSATION BUDGET

Lester Nixon prepared a tentative budget for the Workers Compensation Program but requested Board direction as to the allocations to administration expenses. Dan McConkie felt that a modest cost on all expense items should be allocated to the Program. Lester explained that Mark Brady will be working with Patsy Clarke on loss prevention for Workers Comp but that the Board will need to consider hiring loss prevention staff for the Workers Comp Program. Dean Steele of the Utah Risk Management Mutual Association has contacted Lester regarding a workers comp pool for the cities and would like to share some of the costs for adjusters and loss control. Lester recommended to the Board a proportionate 18% of the administration expenses be allocated to the Workers Comp Program with relating expenses reduced on the Property and Casualty budget. This will enable a benchmark for next year. The Board agreed and directed Lester to prepare a budget showing the 18% allocation to be presented at the next meeting.

#### SET DATE and TIME for CLOSED MEETING

The Board had no need for a closed meeting to discuss pending or reasonably imminent litigation.

#### ACTION on LITIGATION MATTERS

The Board had no action to take on litigation matters.

#### SET DATE and TIME for CLOSED MEETING

The Board had no need for a closed meeting to discuss the character, professional competence, physical/mental health of an individual.

#### RATIFICATION and APPROVAL of PAYMENTS

Gene Roundy had to leave this meeting and asked Lynn Lemon to present the payments made and the payments to be made to the Board. Lynn provided the Board with a listing of the payments made and the payments to be made for review (see attachment #7). The majority of expenses for January are to pay for reinsurance. Lynn Lemon made a motion to ratify the payments made and approve the payments to be made as presented. Ken Bischoff seconded the motion, which passed unanimously.

#### OTHER BUSINESS

As required at the first meeting of the Board during each fund year, under Joint Policy Conflict of Interest, Sonya White provided each Trustee and the Director with a Conflicts of Interest Affirmation and Disclosure form to complete and sign. Sonya will notarize.



Lester Nixon's annual review will be conducted by the officers of UCIP, Dan McConkie, Lynn Lemon and Gene Roundy on January 21 at 8:00 a.m. at the State Office Building, room B101. Steve Baker will provide the officers with an employee evaluation form.

Lester Nixon announced that Wayne Carlson of the Nevada Association is being considered to facilitate the June Board Retreat.

Lester Nixon noted that he is looking into joint ventures for Board training with the Idaho, Nevada and Wyoming Pools and will report to the Board at a later date.

Lynn Lemon asked if the scheduled April 21 Board meeting could be rescheduled due to the Joint Highway Committee meeting scheduled that same day in St. George. Lynn Lemon made a motion to cancel the April Board meeting and schedule a telephonic conference if necessary. Steve Wall seconded the motion, which passed unanimously.

The annual Insurance Coordinators Meeting is scheduled for April 20 in Ogden. Lynn Lemon may be unable to attend due to the Joint Highway Committee meeting.

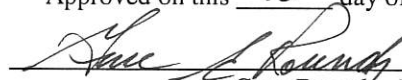
Steve Baker asked if the scheduled June 3-4 Board retreat could be rescheduled due to commencement exercises scheduled for June 3. Sonya White is waiting to hear from the Red Cliff's Lodge if the facility is available on June 10-11. Steve Wall will be unable to attend the retreat if it is rescheduled to June 10. Sonya will notify the Board once she hears back from the sales manager at the Lodge.

The next meeting of the Board of Trustees was rescheduled to Wednesday, February 18 at 2:00 p.m. due to the Utah Association of Counties Legislative Committee meeting that is scheduled for 9:00 a.m. on Thursday, February 19.

Kay Blackwell made a motion to adjourn this meeting of the Board of Trustees at 1:50 p.m. Lynn Lemon seconded the motion, which passed unanimously.

Respectfully submitted by Sonya White, Executive Assistant.

Approved on this 18 day of February 2004

  
Gene Roundy, UCIP Secretary-Treasurer







Adele M Korczak  
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December 22, 2003

Sharon Sinople  
GALLAGHER/IA JISRS (0HJ660)  
THE GALLAGHER CENTRE  
TWO PIERCE PLACE  
ITASCA, IL 60143-3141

RE: UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL  
Commercial Crime Policy - Quotation  
Form F-1697 (07/97)

Dear Sharon,

On behalf of Travelers Casualty and Surety Company of America we are pleased to offer this quotation for **Commercial Crime** Insurance pursuant to the following terms & conditions:

<u>Insuring Agreements</u>	<u>Limit of Insurance</u>	<u>Deductible</u>	<u>Annual Premium</u>
Option 1			
Cvg Frm B - Forgery Alterations	\$850,000.00	\$150,000.00	
Cvg Frm C1 - Money & Sec on Premises	\$150,000.00	\$150,000.00	
Cvg Frm C2 - Money & Sec - Messenger	\$150,000.00	\$150,000.00	
Cvg Frm F - Computer Fraud	\$850,000.00	\$150,000.00	
Cvg Frm O - Public Emp. Dis. per Loss	\$850,000.00	\$150,000.00	
Total Premium			\$35,739.00

**NOTICE: A state surcharge may apply. Please refer to your billing statement.**

**ENDORSEMENTS** (The titles & headings are for convenience only. Please refer to the policy and endorsements for a description of coverage):

Applicable to Option No. 1

IL-0266	02-87	UT Changes-Cancellation and Nonrenewal
CR-0121	04-97	Utah Changes
F-2693	10-01	Include Treasurer or Tax Collector
F-2717	10-03	Named Insured - Add/Delete
F-995	01-62	Named Insured Schedule
CR-1037	01-89	Add Schedule Excess Limit of Insurance for Specified Employees/Positions \$350,000 for the Washington Treasurer and \$565,108 for the Weber Treasurer
CR-1044	12-93	Add Faithful Performance of Duty

**CONTINGENCIES** (This quote is subject to the underwriter's receipt and satisfactory review of the following prior to the quotation expiration date set forth below):

N/A

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**NOTES:** Premium for the Washington Treasurer is \$1,125 and the Weber Treasurer will be \$1,770.00

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**TERMS:**

Policy Period: Inception: January 01, 2004, Expiration: January 01, 2005

Quotation Expiration Date: 30 days from date of this letter

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This quotation is conditioned upon there being no material change in risk between the date of this letter and the inception date of the proposed coverage. In the event of such change, the Underwriter may, at its sole discretion, modify or withdraw this quotation. The coverage offered hereunder may not be accepted after quotation expiration date set forth above.

Thank you for the opportunity to offer this insurance proposal for UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL. We look forward to discussing this opportunity with you further.

Sincerely,

Adele M Korczak

CR-QL001 (10-00)

## **2004 AGRIP Spring Conference**

**March 22-24, 2004**

**Conference Facility**

**Fess Parker's Doubletree Resort  
Santa Barbara, CA**

### **STEPPING AHEAD INTO THE FOURTH DECADE**

A Conference for governing board members, staff and all others who have an interest or stake in the governance and leadership process for public entity risk and benefits pools.

#### **2004 Conference Highlights**

\*Keynote Speaker - Donna Hartley on, "Is Your Attitude Showing?"

\*Evaluating Surplus Levels

\*Associate In Risk Pool Management Program

\*Financial Statements And Internal Controls

\*Problem Solving Work Group Discussions

\*What's Ahead In The London Market

\*National Legislation And Regulatory Issues

\*Claim Reconciliation Procedures

\*Investment Benchmarks



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**Hotel Guaranty Expires February 28, 2004**

Make your hotel reservations early!

**Available at [www.agrip.org](http://www.agrip.org)**

Brochure, On-line Hotel Reservation and Conference Registration

## March 22 - 24, 2004 AGRIP Spring Conference STEPPING AHEAD INTO THE FOURTH DECADE

The 2004 AGRIP Spring Conference will focus on STEPPING AHEAD INTO THE FOURTH DECADE as some of the oldest public entity pools look forward to beginning their fourth decade of service while others are not far behind. Sessions will focus on issues of concern for governing body members and pool executives as well as staff in Finance, Loss Control and Claims areas.

This conference will focus on ways to benefit pools and their members. Sit in on a Mock Trial and have some of those "always wanted to know questions answered". Examine different Loss Control Incentive Programs that pools have developed and explore different marketing strategies. These are just a few of the steps that will help take us all eventually to that fourth decade of service.

The Annual AGRIP Membership Meeting will be a Conference luncheon program to include an update on AGRIP activities and introduction of newly elected members of the Board of Directors.

With the Pacific Ocean's sun-drenched golden beaches and the Santa Ynez Mountains framing Santa Barbara there is not a better place to be for the 2004 AGRIP Spring Conference. After a hard day of planning for how you will be taking those steps into the future you can relax and enjoy some of the fine dining, shopping, deep-sea fishing, golf or wine tasting opportunities available in the area. These are just a few activities that Santa Barbara has to offer.

### CONFERENCE SCHEDULE

#### SUNDAY - March 21

2:00 pm AGRIP Board Meeting

7 - 8:30 pm Opening Reception & Recognition of QEI Sponsors

#### MONDAY - March 22

7:30 am Registration Opens and Continental Breakfast

8:30 am Keynote Address: "Is Your Attitude Showing?"

Speaker: **Donna Hartley**



A true survivor of catastrophic events, this former Miss Hawaii, television personality and author will provide proven techniques to apply immediately to out-serve your competition by building personal and professional customer service. Learn how to change attitudes and deliver consistence at every level to increase the "bottom line" and member retention. Master skills to manage your time and task efficiency and learn ten effective techniques to build team quality.

10:30 am Break

10:45 am General Session: "Evaluating Surplus Levels - Getting It Right Without Falling Overboard"

Speaker: **Steve Kahn, Managing Partner, ARMTech**

Virtually all pools maintain surplus, but the reasons and amounts vary. As the hard market strained surplus, many pools must now closely examine the amount of surplus required in the future; and how members should contribute to achieve the desired surplus level.

Noon Lunch

1:15 pm CONCURRENT SESSIONS

A. "Production And Application Of Videos In Loss Control Programs"

Speaker: **Charles Schwab, Director of Risk Management, Michigan Municipal Risk Management Authority.** (Sample videos will also be running throughout the conference in the Reading Room).

Learn how MMRMA develops and uses locally produced videos to enhance and extend the effectiveness of their loss control programs for an extremely diverse membership. Gain an understanding of some of the issues involved in producing video training resources.

**March 22 - 24, 2004 AGRIP Spring Conference**  
**STEPPING AHEAD INTO THE FOURTH DECADE**

**TUESDAY - March 23 (Con't)**

Act of 2003, proposals for national insurance regulation reform and implications of "anti-fax", "anti-spam" and "do not call" legislation.

**12:00 pm** Lunch And Annual AGRIP Membership Meeting

**1:45 pm** CONCURRENT SESSIONS

**A. "Claim Reconciliation Procedures"**

*Speaker: James Marta, CPA, Principal, ARM, James Marta & Company, Carmichael, CA*

**B. "Recent Integrations Of Technology And Pool Operations"**

*Speakers: Libby Lowther, Manager of Liability Claims, Utah Local Governments Trust and Marcus Beverly, Director, ABAG PLAN Corporation*

**C. "After Five Years - How The ASCIP "Rent-A-Risk Manager" Program Has Impacted The Pools' Bottom Line"**

*Speakers: Donna Abersman, Director, Administration and Risk Services, Alliance of Schools for Cooperative Insurance Programs and Sue Bedard, Vice President, Risk Management, Poms & Associates Insurance Brokers, Inc.*

**D. "Technologies For Providing Loss Control When You Can't Get To Every Member"**

*Speaker: Michael P. Lary, AIC, ARM-P, ALCM, SPHR, Owner of Reasonable Solutions, Bremerton, WA*

**3:00 pm** Sessions conclude for the day

**8:00 pm** A casual after dinner Santa Barbara reception

**WEDNESDAY - March 24**

**8:30 am** Breakfast Facilitated Discussion Groups By Line Of Coverage

**Workers' Compensation**

**Liability**

**Property**

**Employee Benefits**

**9:45 am** General Session: "Beyond Profiling: An Employee Threat Assessment Exercise"

*Speaker: Steve Albrecht, PhD.*

This session will provide participants the opportunity to assess the behavior of two high-risk employees. Using a threat assessment job aide and other tools, attendees will be able to identify realistic strategies to protect organizations from internal risks.

**11:00 am** Break

**11:15 am** General Session: "Finding Hot Treasure And Cool Returns Through Investment Benchmarks"

*Speaker: Thomas McGlinch, CFA, Senior Managing Director, Chief Investment Officer-Fixed Income, Voyager Asset Management*

Examine the role and process for selecting and setting appropriate benchmarks as a means to provide an additional tool for evaluating the effectiveness of a pool's investment practices in matching assets and liabilities. This session will also examine the value of customized benchmarks and examine benchmark practices for a sample of pools.

**12:30 pm** Conference Ends

**AGRIP ACTIVITIES TO CALENDAR**

**SIXTH ANNUAL AGRIP  
POOLING TRACK**  
Held at PRIMA's  
Annual Conference  
June 13 - 16, 2004  
Fort lauderdale, FL

**AGRIP INSTITUTE FOR  
MANAGEMENT AND  
LEADERSHIP**  
August 16 - 18, 2004  
Newport, RI  
Hyatt Regency on Goat Island

**AGRIP GOVERNANCE  
AND LEADERSHIP  
CONFERENCE**  
October 18 - 20, 2004  
Hershey, Pennsylvania  
Hershey Hotel

# March 22 - 24, 2004 AGRIP Spring Conference

## STEPPING AHEAD INTO THE FOURTH DECADE

### B. "An Introduction To The Associate in Risk Pool Management Designation"

*Panel: Led by Paula ChuTanguay, Chief Administrative Officer, Alliance of Schools for Cooperative Insurance Programs*

A panel will discuss the new ARPM designation program developed by the California Association of Joint Powers Authorities (CAJPA) and the Insurance Education Association. This new program builds upon existing certification programs such as the ARM and CPCU, with additional training in the practical aspects of pool management through two new courses.

### C. Mock Trial (will continue into second round of concurrent sessions)

*Presenters: William Fishlinger, John Flaherty and Rona Platt of the New York law firm of Congdon, Flaherty, O'Callaghan, Reid, Donlon, Travis & Fishlinger; and Robert Bambino, Vice President - Risk Management for Wright Risk Management, Administrator for the New York Municipal Insurance Reciprocal and the New York Schools Insurance Reciprocal.*

Learn to identify key exposures areas for municipal and school risks; review recent case law and see risk management and legal theories illustrated and put into practice in a mock trial setting based on a case involving "at will" employment.

2:30 pm Break

2:45 pm CONCURRENT SESSIONS

### A. "Financial Statements and Internal Controls 101 - Everything You Wanted To Know But Were Afraid To Ask"

*Speakers: Gwen McDade, Division Director Risk Management Financial Operations, Texas Association of School Boards and Martha King, Audit Manager, Ernst & Young, Austin, TX*

### B. "Underwriting and Loss Control For Public Entity Fine Arts"

*Panel*

### C. Mock Trial Continues

4:00 pm Sessions conclude for the day

## TUESDAY - March 23

7:30 am Registration Opens

8:00 am BREAKFAST FACILITATED PROBLEM SOLVING AND/OR ISSUE IDENTIFICATION GROUPS

NEW this year is an opportunity for attendees to share their experience to address solutions for problems or issues whether common among most pools, or unique to just one. A facilitator will work with each group to identify effective responses to problems or issues. A written summary of the discussions will be prepared after the conference. Topic areas for discussion groups are:

**Developing Measures To Evaluate The Effectiveness Of Loss Control Programs**

**Identification Of High Risk School Activities And Working With Members To Address Them**

**Loss Control Incentive Programs That Have Proved Their Value Over Time**

**Marketing Strategies That Have Proved Their Value Over Time**

9:30 am General Session: "What's Ahead For Pools In The London Market And At Lloyds"

*Facilitator: Jenny Emery, Senior Vice President, Towers Perrin Reinsurance*

Just as pools generally are different than commercial insurers, the appetite and operations of the London market, and Lloyds in particular, are different than those found in the US, Bermuda or other European markets. This session will help attendees to understand these differences and how pools may open up new relationships to meet their reinsurance needs.

10:45 am Break

11:00am General Session: "A Look At National Legislative And Regulatory Issues As They Affect Pools"

*Speaker: Robert "Skip" Myers, Jr., Partner, Morris, Manning & Martin, LLP*

Much is happening in the nation's capitol that will potentially affect the coverages and operations of pools. This session will bring attendees up-to-date on the most recent activity relating to the Terrorism Risk Insurance Act of 2002, the Fair and Accurate Credit Transactions



Utah Counties Insurance Pool  
*Serving Counties Since 1992*

PRESENTS:

**THE RISK  
MANAGEMENT  
PROGRAM  
2004**

5397 S. VINE STREET, SALT LAKE CITY, UTAH, 84107  
TELEPHONE: (801) 293-3098 FACSIMILE: (801) 293-3480



**SECTION ONE  
PREREQUISITES**

***The following prerequisites must be met before the county can receive any premium credit:***

- ☐ 1.1 A risk manager or safety officer who is responsible for the implementation of the UCIP Risk Management Program must be appointed by the county Commission/Council.

***Please list the name & title of the person responsible:***

- ☐ 1.2 The county must respond to each risk review or walk-through inspection conducted by UCIP within 30 days of receipt of the report.

***This section will be verified by UCIP staff.***

- ☐ 1.3 ALL policy renewal information must be received by UCIP on or before **20 APRIL, 2004.** (NO EXCEPTIONS. ) **Contact Sonya White** for details.

***This section will be verified by UCIP staff.***

- ☐ 1.4 a. Provide a written statement to be received by UCIP on or before **JUNE 1, 2004** (NO EXCEPTIONS), stating that the County has checked the driving record of each employee or volunteer who drives on county business along with the reports any who have any of the following offenses on the record:
- i. DUI (drugs or alcohol), or alcohol related reckless during last 12 mos.
  - ii. Two or more moving violations during last 12 months, or
  - iii. Driver's license revoked or suspended in the last 12 months.
- b. Maintain records obtained for each insured pursuant to 1.4a on file until 1 June 2005 and make them available for inspection upon request of the Mutual.

***This section will be verified by UCIP staff.***

- ☐ 1.5 All other information and documents required by the Risk Management Program shall be received by UCIP on or before **NOVEMBER 30th 2004** in order to be considered in the calculation of premium credit. **Contact Mark Brady** for details.

***This section will be verified by UCIP staff.***

- ☐ 1.6 The county must have written policies and procedures for handling claims and lawsuits. This may be accomplished through circulation of a memo. The written policy or memo for handling claims and lawsuits must state that all lawsuits and Notice of Claims received shall be forwarded to the individual designated by the county. That person shall send a copy of all potential UCIP-covered claims by certified mail, fax, or electronically to the UCIP Claims Manager within two business days.

***Please attach a copy of the policy/memo.***





- 1.7 All potential UCIP-covered claims are reported to the UCIP Claims Manager within ten days after receipt of the claim along with:
- a. A completed notice of claim form;
  - b. A copy of the claim;
  - c. Copies of all relevant reports, including police reports.

***This section will be verified by UCIP staff.***



- 1.8 The county notifies UCIP within one business day of serious occurrences likely to give rise to litigation or significant liability. These occurrences include:
- a. Any accidents involving death, hospitalization, or personal injury;
  - b. Vehicle pursuits which result in death, injury of any person, or destruction of third party property;
  - c. Shootings involving deputies;
  - d. Involuntary terminations which the county reasonably believes might result in litigation;
  - e. Sexual harassment allegations which the county reasonably believes might result in litigation;
  - f. Planning and zoning issues where the parties threaten litigation or that are likely to result in claims or lawsuits.

***This section will be verified by UCIP staff.***

**SECTION TWO  
VEHICLE SAFETY  
MAXIMUM CREDIT: 22%**



Prerequisites. The following prerequisites must be met in order to receive credit under this section:

- 2.1 Driver's licenses (Motor Vehicle Reports) of all operators of county vehicles and those who the County should reasonably anticipate will drive a vehicle in the scope of County employment are checked:
- a. Before extending offer of employment or, in the alternative, extend a conditional offer of employment based upon County's satisfaction with the drivers license history; and
  - b. Annually to determine status, restrictions, or modifications.
- 2.2 The county must adopt a formal policy in writing establishing a Safety Committee and/or Accident Review Board (ARB). The Safety Committee or ARB must :
- a. Meet on a regular basis, but not less than quarterly (unless there are no accidents to review);
  - b. Keep written minutes of each meeting. A copy of the minutes must be forwarded to the UCIP Loss Control Manager;
  - c. All accidents involving county drivers (including road department and Sheriff's Office personnel) and/or vehicles that have been reported to UCIP must be reviewed by the safety committee/ARB; and Copies of the accident reviews must be sent to UCIP.

***This section will be verified by UCIP staff.***



- 2.3 The county maintains written records of all maintenance performed on each county-owned vehicle or heavy equipment.

***Please specify where the records are kept and who maintains them:***

Maximum Credit: 2%



- 2.4 The county has the following written policies:
- a. Use of seat belts required of all drivers and passengers in county vehicles;
  - b. All accidents involving county vehicles are to be reported immediately to the department head;
  - c. All CDL holders will comply with federal and state law regarding the reporting of accidents, citations, or driving convictions involving the CDL holder. The policy, or a memo circulated to CDL holders, states clearly when the CDL must report accidents and citations.
  - d. A cell-phone use policy for drivers of motor vehicles.

***Please attach a copy of the policies.***

Maximum Credit: 2%



- 2.5 The county has a written policy that employees who have, while driving in the course of employment, caused two or more vehicle accidents as determined by the ARB within a two-year period of time shall lose driving privileges, be reassigned to a non-driving position, or be terminated from employment.

***Please attach a copy of the policies.***

Maximum Credit: 5%



- 2.6 The county has, within the last five years, conducted the National Safety Council four-hour Defensive Driver Course--or a UCIP-approved or UCIP-conducted defensive driver course--for all county employees and volunteers who drive while on county business.

***Please attach a copy of the attendance rosters from the DDC course(s).***

Maximum Credit: 5%



- 2.7 The county has an incentive program for county employees who drive while in the course of employment that recognizes and rewards those who have not caused any accidents, nor had any moving violations during the previous year. Such a program would, at minimum, recognize Public Works employees and Sheriff's Office employees.

***Please describe the program.***

Maximum Credit: 4%



- 2.8 The county:
- a. Requires each insured who drives a motor vehicle within the scope of his or her employment and has an offense as set forth in Section 1.5, above, to complete a driver-training course which is approved by or, offered by the Pool within the , prior to September 1 of the current year.
  - b. Requires each insured who drives a county vehicle within the scope of his or her employment to complete a driver's training course which is approved by, or offered by, the Mutual during the first year of employment with the county.

***Please attach a copy of the attendance roster from the defensive Driver Course.***

Maximum Credit: 4%

**SECTION THREE  
PERSONNEL  
MAXIMUM CREDIT: 20%**

☐

3.1 The following prerequisites must be met in order to receive credit under this section:

- a The following personnel policies must be adopted in writing:
- b Established procedures for recruitment, interviewing, and hiring;
- c Requirement that ADA compliant job descriptions be established for each county position;
- b Prohibitions against illegal discrimination;
- c Established procedures for discipline and terminate

***Copies of these policies must be attached.***

3.2 The county has verified that it does/does not comply with the requirements of the County Personnel Management Act.

***Please attach a statement indicating that the county does or does not comply with the County Personnel Management Act. If the county does not comply with the Act, please give the legal justification for non compliance.***

☐

3.3 The county has adopted a policy that states clearly at the beginning of the policy that the policy does not create a contract between the county and the employee.

***Please attach a copy of the policy.***

Maximum Credit: 2%

☐

3.4 The county has written personnel policies and procedures and has distributed a copy to each employee. In the alternative, the county has made a copy available to the employee and explained to the employee in writing where a copy of the policies can be obtained for reference. Each employee has signed a statement that the employee has received and read the policy.

Maximum Credit: 2%

☐

- 3.5 The county has adopted a written drug and alcohol testing program that is consistent with federal and state statutes. The policy contains the following elements when applicable:
- a. Pre-employment testing;
  - b. Reasonable suspicion testing;
  - c. Post accident testing in accordance with county policy;
  - d. Random testing in accordance with federal regulations for drivers holding a Commercial Driver's License (CDL);
  - e. Policy regarding positive results which includes a statement of the employee's rights

***Please attach a copy of the policy.***

Maximum Credit: 2%

☐

- 3.6 The county reviews and/or updates the personnel policies and procedures on an annual basis and updates are circulated to all employees.

***Please list the last date the policy was reviewed/updated***

Maximum Credit: 2%

☐

- 3.7 The county conducts annual training of all supervisory personnel, including elected officials, on the county's personnel policies and procedures. The County provides Harassment and Employee Discipline training for supervisors every twenty-four months.

***Please list the training dates and attach an agenda***

Maximum Credit: 8%

☐

- 3.8 The county has adopted a written Title VII harassment policy that:
- a. States the type of conduct prohibited;
  - b. Does not require or advise the victim to address a complaint to the alleged harasser;
  - c. States clearly how a complaint may be made and to whom;
  - d. Provides for an alternate to whom a complaint may be made and at least one of the persons to whom a complaint may be made is a female; and
  - e. Clearly states the appeals process or refers to the county's appeals process under which an appeal for specified personnel actions may be made.

***Please attach a copy of the policy.***

Maximum Credit: 4%

**SECTION FOUR  
LAW ENFORCEMENT  
MAXIMUM CREDIT: 26%**

☐

4.1 The following prerequisites must be met in order to receive credit under this section:

The following policies must be adopted in writing:

- a. Use of force;
- b. Vehicle pursuits;
- c. Searches and seizures; and
- d. Jail policies regarding mail, religious observances, and grievances.

***Please list the sections or page numbers in the S.O. policies where the above referenced policies are located***

☐

4.2 The Sheriff's Office has adopted the Utah Jail Standards.

Maximum Credit: 2%

☐

4.3 All Sheriff's Deputies receive **Annual** training in the following areas: Use of Force, Domestic Incident, Forcible Entry, Arrest and Detention, and Search and Seizure.

***Please provide a list of the dates and topics for each training session.***

Maximum Credit: 7%

☐

4.4 All Corrections personnel receive **Annual** training on Use of Force, Search and Seizure, Religious Rights, Mail, Medical Care, and Inmate Discipline.

***Please provide a list of the dates and topics for each training session.***

Maximum Credit: 7%

☐

4.5 Sheriff's Office personnel who engage in patrol operations shall receive **Annual** training in Defensive Driving, Pursuit Driving, or Emergency Vehicle Operations (EVO). In-vehicle EVO training shall be provided at least every third year.

***Please provide a list of the dates and topics for each training session.***

Maximum Credit: 10%

**SECTION FIVE  
PUBLIC WORKS/ROADCREW  
MAXIMUM CREDIT: 4%**



- 5.1 The following prerequisites must be met in order to receive credit under this section:
- a. At least one copy of the Manual on Uniform Traffic Control Devices (MUTCD) must be on hand for reference by personnel responsible for the placing and maintaining of traffic control devices.
  - b. The county must maintain a written (or computerized) inventory of all county-maintained traffic control devices. At least 98% of all signs must be included in the inventory to qualify.



- 5.2 Written records of regular inspections of all traffic signs must be kept. Inspections must be conducted at least quarterly and include any maintenance conducted.

***Please provide a sample of the county's inspection report form.***

Maximum Credit: 2%



- 5.3 The county has a written emergency response program for reports of damaged or missing signs that:
- a. Specifies the employee to whom reports are to be forwarded;
  - b. Specifies the priority for response to a report of a missing or damaged sign;
  - c. Specifies that "stop" signs are to be replaced immediately, and, when necessary, the county will request the Sheriff's Office to respond to a report of missing or damaged "stop" signs at hazardous intersections until the sign is replaced; and
  - d. Requires that all reports of missing or damaged signs are kept along with a written report stating the replacement or repair date, the employee who made the repair, and the time the repair was made.

***Please provide a copy of the memo or policy.***

Maximum Credit: 2%



- 5.4 County road department personnel have received job-specific safety training on heavy equipment and other machinery prior to operation on a particular project. County shall document and keep records of all such training for inspection by UCIP.

Maximum Credit: 3%



- 5.5 County road department personnel have been trained on how to conduct a pre-trip inspection on licensed heavy vehicles, are required to conduct pre-trip inspections, and keep written logs of the inspections in the vehicle.

***Please attach a sample pre-trip inspection form used by the county.***

Maximum Credit: 4%

**SECTION SIX  
PLANNING AND ZONING  
MAXIMUM CREDIT: 5%**

☐

6.2 The following prerequisites must be met in order to receive credit under this section:

- a. The county must have adopted a General Plan in accordance with the Utah Code;
- b. The county must have adopted a zoning ordinance in accordance with the Utah Code; and
- c. The county must have adopted a subdivision ordinance in accordance with the Utah Code.

The following policies must be adopted in writing:

☐

6.1 All members of the planning commission have received training within the previous twenty-four months regarding the legal duties of a planning commissioner.

Maximum Credit: 2%

☐

6.2 All Planning and Zoning Officers have received training regarding the legal duties of their position within the past 12 months.

Maximum Credit: 3%



**SECTION SEVEN  
COUNTY FACILITIES SAFETY AND USE;  
COUNTY FAIRS  
MAXIMUM CREDIT: 8%**



- 7.1 The county requires third-party users of county-owned or leased facilities, including all facilities insured by the county through UCIP, to sign an indemnification (hold-harmless) agreement approved by the county attorney.

***Please attach a copy of the policy and sample hold-harmless agreement.***

Maximum Credit: 2%



- 7.2 The county has adopted a written policy requiring:
- a. Liability insurance certificates from third parties using county-owned facilities, including all facilities insured by the county through UCIP;
  - b. That the insurance certificate name the county as an additional insured;
  - c. That written criteria be developed specifying when the insurance requirement might be waived;
  - d. That approval by the county governing body or its designate be obtained in writing before waiving the insurance requirement;
  - e. That copies be obtained of all certificates, and that written record of the waiver by the county of the insurance requirement and copies of certificates be kept on file for a period of at least five years; and
  - f. That the certificates be in the amount of at least \$1 million.

***Please attach a copy of the policy.***

***Note: If your county does not have property that is leased or used by third parties, you may qualify for this credit if you provide a signed statement certifying that county facilities are not leased or used by third parties.***

Maximum Credit: 3%



- 7.3 The county has a written policy that no alcohol will be served at county-owned facilities, including all facilities insured by the county through UCIP, unless additional insurance has been obtained covering alcohol related services.

***Please attach a copy of the policy. Counties that have a ban on alcohol at county facilities may also receive credit if the policy is attached.***

Maximum Credit: 1%



- 7.4 When alcohol is served at county-owned facilities, the county must have written policies requiring or including the following:
- a. Additional security around the vendor selling alcohol;
  - b. Hours of service (including no later than one hour before event closing time);
  - c. Designation of non-drinking areas (including parking lots as non drinking areas);
  - d. Stating that alcohol is not to be sold to vendors, employees of any vendor, employees of the fair, employees of any carnival, ride, or attraction, security personnel, or participants in events.

***Counties that have a ban on alcohol at county facilities can receive credit if the policy banning alcohol is attached.***

Maximum Credit: 1%



- 7.5 The county has written policies governing the use of fairgrounds, including use of arenas, buildings, and property. The rules for the use of the facilities are posted at each facility and clearly and conspicuously state that use of the facility as at the risk of the user and the county is not liable for damages or injuries.

***Please attach a copy of the policy and verify that the rules are posted at each facility.***

Maximum Credit: 1%

**SECTION EIGHT  
FIRE DEPARTMENTS/AMBULANCES/EMT  
MAXIMUM CREDIT: 5%**

The following prerequisites must be adopted in writing:

- ☐ 8.1 The county has stated in writing the operational authority of the fire departments/ambulance services/EMT operating under county jurisdiction, and has interlocal agreements or MOUs with other jurisdictions/agencies when the fire department/ambulance service/EMT is multi-jurisdictional. The agreement or MOU clearly states how liabilities will be apportioned among the jurisdictions/agencies.

***Please attach a copy of the interlocal agreement(s) and/or MOU.***

The following policies must be adopted in writing:

- ☐ 8.2 The county has adopted written policies and procedures establishing:
- a. What fire protection/ambulance/EMT services are provided;
  - b. What areas of the county will be serviced; and
  - c. The requirements for responding to fires and medical calls

***Please attach a copy of the policies.***

Maximum Credit: 1%

- ☐ 8.3 The county has a written policy that all apparatus/ambulance drivers maintain EVO certification with the Utah Fire and Rescue Academy. No other persons will be allowed to drive apparatus/ambulances.

***Please attach a copy of the policy.***

Maximum Credit: 3%

- ☐ 8.4 The county has a written policy that all county employee fire fighters be at least wild land firefighter certified in areas where that certification is appropriate.

***Please attach a copy of the policy.***

Maximum Credit: 1%

**SECTION NINE**  
**ADDITIONAL CREDIT FOR INSTALLATION OF SAFETY-RELATED DEVICES AND**  
**PROGRAMS**  
**MAXIMUM CREDIT: 3%**



- 9.1 The county may qualify for an additional credit for the installation of safety-related devices or the participation in safety related training programs for employees. Please list the device or program below, along with the cost and description of the risk or exposure the device or program is aimed at reducing or eliminating.

Maximum Credit: 3%

***Credit will be determined by UCIP staff based on the responses to this section.***

**JOINT POLICY**  
**INSURANCE COVERAGE FOR SPECIAL SERVICE DISTRICTS, CHILDREN'S JUSTICE**  
**CENTERS, AND OTHER ENTITIES**

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A ~~Utah Association of Counties Insurance Mutual Pool~~ (hereinafter referred to as UACIM UCIP) member county may obtain insurance coverage through UACIM UCIP for entities, other than Children's Justice Centers, affiliated with the member county pursuant to the following:

1. With regard to entities such as special service districts and other political subdivisions, the member county must have the following controls over the entity through the member county's governing body:
  - a. The governing body of the member county must approve and/or appoint 50% or more of the governing body of the entity, and
  - b. The governing body of the member county must provide appropriate 50% or more of the funding of the entity, and
  - c. The governing body of the member county must have the authority to hire and terminate the employees of the entity.
2. With regard to special service districts created for the purpose of passing through Mineral Lease Payments received by the State under the Mineral Lands Leasing Act (30 U.S.C., Section 191), and allocated to the county, individual counties that have created these special service districts may insure such districts through ~~the Mutual~~ UCIP provided the following conditions are met:
  - a. The purpose of the special service district is to serve as a financial conveyance for the aforementioned mineral lease payments, and
  - b. Funds conveyed through the special service district are expenses of the special district and are made by an operating department of the county, usually the road department, with oversight exercised by the member county's governing body.
3. County health departments and multi-county health departments are eligible for coverage, either through the member county or as a separate, nonvoting insured, provided the organization of the health department is established under Title 26A of the Utah Code.
4. A UACIM UCIP member county may obtain Liability Insurance Coverage as provided in the UACIM UCIP Coverage Agreement for Children's Justice Center Local Advisory Board members who do not serve due to public office upon the following conditions:
  - a. The Children's Justice Center is established under Chapter 5b of Title 67 of the Utah Code;
  - b. The county is the contracting public agency under 67-5b-104(e) of the Utah Code;
  - c. The Children's Justice Center Local Advisory Board member does not serve due to public office as provided for in 67-5b-105(1)(b) through (e);

- d. The Children's Justice Center Bylaws authorize the member county to remove any Board member who does not serve due to public office as provided for in 67-5b-105(1)(b) through (e) at any time and for any reason; and
- e. The member county has provided ~~UACIM~~ UCIP a copy of the duly adopted bylaws with the language specified in subsection 2(d), and UACIM has acknowledged receipt of the bylaws.

Notwithstanding subsection 2(c), county elected officials serving on the Children's Justice Center Local Advisory Board in their capacity as elected officials shall be covered under the member county's ~~UACIM~~ UCIP liability insurance policy to the same extent as when conducting county business. County employees serving in their capacity as employees shall be covered to the extent provided in the ~~UACIM~~ UCIP Coverage Agreement.

- 5. Insurance coverage through ~~UACIM~~ UCIP may be obtained for non-profit corporations (those exempt from taxation under Internal Revenue Code 26 U.S.C. 501), municipalities, or other political subdivisions, that contract to provide services to the member county, subject to the following criteria being met:
  - a. The contract is for the benefit of, and is executed under the authority of the member county, and
  - b. The member county is legally authorized to provide the service, function or facility which is the subject matter of the contract, and
  - c. The member county is obligated by the contract to provide insurance coverage to the other party to the contract, and
  - d. A copy of the contract has been provided to the ~~UACIM~~ UCIP.

## COVERAGE AGREEMENT 2004 SUMMARY of CHANGES

1. Substitute "Pool" for "Mutual" throughout.
2. Remove definition of "Mutual" in Part IV, General Definitions
3. Define "Pool" in Part IV, General Definitions
4. Move "j" on page 47, Exclusions Applicable to General Liability, to new exclusion "n" on page 51, Exclusions Applicable to Errors and Omissions Liability
5. On page 4 of Declarations, change watercraft to 26 feet.  
Remove Notes at bottom of page 4.
6. Remove Endorsements 4, 5, and 6. No longer necessary with change in claims handling.
7. Remove Appendix. No longer necessary with change in claims handling.
8. Changes to Part VIII, Automobile Liability, page 53. These changes are intended to clarify coverage for non-owned and hired cars. The intent has been there but this will consolidate coverage intentions.
  - Part A, Coverage Agreements, add sentence at end of paragraph: "Expenses are covered in addition to the limit of liability."
  - Present **B.** renumber as **C.**
  - New **B.** is "Definitions That Apply To Auto Liability"
    - a. Move "Hired Auto" definition from Part IV, General Definitions. In that definition, change "for" to "from".
    - b. Move part 2 of the definition of "Insured" from General Definitions.
    - c. New definition of "Non-Owned Auto" as follows:

**"Non-Owned Autos"** means only those "autos" a **Named Member** does not own, lease, hire, rent or borrow that are used in connection with the **Named Member's** business. This includes "autos" owned by a Named Member's employees or members of their households but only while used in the **Named Member's** business.
  - Renumbered **C,** Exclusions, leave in 1
    - a. New exclusion 2, "Uninsured and/or Underinsured Motorists Liability."
    - b. Remove existing exclusions 2,3,4,5. These are General Exclusions already.
9. Endorsement for Search and Rescue
  - Under Part III, General Exclusions, add new exclusion "R": "Any Bodily Injury, Personal Injury, Property Damage or any type of damage whatsoever to the property of the Member arising out of search and rescue operations, unless endorsed hereon." (see endorsement #7)

## COVERAGE AGREEMENT 2004 SUMMARY of CHANGES

10. Remove Utah County Health Department from Endorsement #9 (new #5), but leave in Endorsement #10 (new #6) because of the retroactive date.
11. Remove Endorsement #2, Named Member, Morgan County and add Morgan County to Endorsement #1.
12. Add Tooele County to Endorsement #1 and Endorsement #10 (new #6).
11. Crime Coverage changes
  - Change sublimits to \$150,000 on page 3 and add Computer Fraud.
  - Remove Exclusion 5.a. on page 43
12. Land Use
  - Remove \$25,000 sublimit on page 4
  - Remove Exclusion n. on page 47
  - Remove Exclusion i. on pp. 50-51
  - Add the following new exclusion in Part III General Coverage Exclusions:  
**Land Use Proceedings.** This Coverage Agreement does not cover any **CLAIMS** or **SUITS** arising out of the operation of the principles of eminent domain, condemnation proceedings, inverse condemnation proceedings, regulatory taking by whatever name called, land use actions, zoning, rezoning or failure to zone, whether that liability accrues directly against the **MEMBER** or by virtue of any agreement entered into, by or on behalf of the **MEMBER**. **CLAIMS** or **SUITS** alleging civil rights violations arising out of any of these listed proceedings are also excluded. Liability coverage under this Coverage Agreement is provided for monetary **DAMAGES** arising from a decision by the **MEMBER** or its officers, agents or **EMPLOYEES** to issue or not issue building or construction permits, certificates of occupancy, business licenses, alcoholic beverage licenses or other permits and licenses that the **MEMBER** is authorized by law to issue.
  - Endorsement #8



# Utah Association of Counties Insurance Mutual Pool

## 20034 Member Coverage Agreement

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### PART I

#### A. General Coverage Declarations

1. The Utah Association of Counties Insurance Mutual Pool (the "**Mutual Pool**") is a risk sharing arrangement among Utah County Governments. The **Mutual Pool** is formed pursuant to the provisions of the Utah Insurance Code, Utah Code Ann. 31A-1-1 et. seq. (1994 & Supp. 1998), the Utah Interlocal Cooperation Act, Utah Code Ann. § 11-13-1 et. seq. (1996 & Supp. 1998) and through the Amended Bylaws and Amended Interlocal Cooperation Agreement signed by its Members. The purposes of the **Mutual Pool** are to provide a multiline fund for property and casualty coverages and to assist **Members** in controlling costs by providing specialized governmental risk management services and systems.
2. The purpose of this **Coverage Agreement** is to describe the property and liability coverages provided to its **Named Members**. Some of the coverages, deductibles and limitations are unique to the **Mutual Pool** and may not be available elsewhere through private or commercial insurance.
3. It is the intent of the **Mutual Pool** to provide the property and liability coverage outlined in this **Coverage Agreement** to each **Member** and those who work for them or on their behalf in accordance with the laws of the State of Utah. This **Coverage Agreement** was created to eliminate misunderstandings regarding coverages; to avoid coverage disputes; to clarify responsibilities during the **Claims** handling process; and to provide the **Members** with a document that easily identifies what is and is not covered.

## B. Limits Of Coverage

### 1. PROPERTY

Coverage:	Property, including building, contents, mobile equipment, EDP, auto physical damage, etc.
Limit:	\$250,150,000 each occurrence. This is a combined single limit, per occurrence (see Earthquake and Flood exceptions below).
Valuation:	Replacement cost except for vehicles and contractors' equipment, which are ACV (Actual Cash Value).
Auto Physical Damage:	Values included (\$1,000 deductible).
Flood:	Non-Flood Zone A: \$25,150,000 annual aggregate. Flood Zone A: \$2,000,000 excess of NFIP, whether or not the coverage is purchased or maintained.
Earthquake:	\$5,150,000 annual aggregate
Extra Expense:	\$25,150,000 in any one loss.
EDP Equipment/Media:	\$24,692,884 in any one loss.
EDP Extra Expense:	\$1,400,000 in any one loss.
Newly Acquired Property:	\$1,150,000 (90-day reporting requirement)
Valuable Papers:	\$10,681,700 in any one loss.
Fine Arts:	\$1,400,000 in any one loss.
Accounts Receivable:	\$2,650,000 in any one loss.
Mobile Equipment:	\$39,506,895 in any one loss.
Debris Removal:	\$5,150,000 or 25% of loss, whichever is less.
Builders Risk:	\$5,150,000 sublimit (actual values must be reported within 90 days).
Increased Cost of Construction:	\$5,150,000 in any one loss.
Terrorism:	\$100,000 in any one loss.
Maintenance Deductible:	\$500 per occurrence (except auto physical damage=\$1000).
Major Property Exclusions (see <b>Coverage Agreement</b> for details):	Asbestos Removal (except as a result of named peril).
	Trees and Shrubs.
	Land & Water.
	Transmission & Distribution Lines (except as noted in the property section of the <b>Coverage Agreement</b> ).
	Street &/or roadways, paved surfaces, bridges.

## 2. CRIME COVERAGES

Coverage:	Crime and Employee Dishonesty	
Form	Limit	Terms
Money & Securities (in premises)	<del>\$300,000</del> <u>150,000</u>	Each and every loss
Money & Securities (out premises)	<del>\$300,000</del> <u>150,000</u>	Each and every loss
Commercial Blanket Bond (including Faithful Performance):	<del>\$300,000</del> <u>150,000</u>	Each and every loss (excludes employees known to have committed fraudulent or dishonest acts).
Depositors Forgery:	<del>\$300,000</del> <u>150,000</u>	Each and every loss
Computer Fraud	<u>150,000</u>	<u>Each and every loss</u>
Maintenance Deductible:	\$500	Per occurrence

Notes: ~~The reporting period for crime losses is one year from expiration. Excludes those~~  
~~persons required by state statute to be bonded.~~

### 3. LIABILITY

Coverage:	Third-party liability including Bodily Injury, Property Damage and Personal Injury.	
Form:	Occurrence except for Public Officials Liability which is claims-made	
Coverage Parts	Limit	Terms
General Liability:	\$2,250,000 \$3,250,000	Per occurrence Aggregate per <b>Member</b>
Law Enforcement Liability:	\$2,250,000 \$3,250,000	Per occurrence Aggregate per <b>Member</b>
Employee Benefits Liability:	\$2,250,000 \$3,250,000	Per occurrence Aggregate per <b>Member</b>
Automobile Liability:	\$2,250,000	Per occurrence
Personal Injury Protection:	Per statute (See Endorsement 4)	Per occurrence
Uninsured Motorists:	Per statute (See Endorsement 5)	Per occurrence
Underinsured Motorists:	Per statute (See Endorsement 6)	Per occurrence
Public Officials Liability:	\$2,250,000 \$2,250,000	Per occurrence Aggregate per <b>Member</b>
Limited Professional Health Care Services	(See Endorsement 8)	
Terrorism:	\$50,000 \$100,000 \$300,000	Per occurrence Aggregate per <b>Member</b> Annual Aggregate
Major Liability Exclusions:	Pollution/Contamination/Asbestos/Lead	
	Medical Malpractice (except Limited Professional Health Care Services)	
	Inverse Condemnation (\$25,000 defense only)	
	Failure to Maintain or Supply water, gas, electric	
	Watercraft (over 25 <del>6</del> feet in length)	

Notes: Retroactive date for Professional Liability is July 1, 1991. Includes unknown prior acts  
— coverage.

## **PART II GENERAL COVERAGE CONDITIONS**

### **A. Claims Made Policy**

1. The Public Officials Errors & Omissions sections of this **Coverage Agreement** provide "Claims made" coverage. The coverages provided by those sections are limited generally to claims first made against the **Mutual Pool** while the **Coverage Agreement** is in force or during the Extended Reporting Period. All other coverages provided by this **Coverage Agreement**, including property, auto liability and general liability, are on an **Occurrence** basis.
2. A **Claim** shall be considered as being first made at the earlier of the following times:
  - a. When the **Member** first gives notice in writing to the **Mutual Pool's** claims administrator that a **Claim** has been made, or
  - b. When the **Member** first gives notice in writing to the **Mutual Pool's** claims administrator of specific circumstances involving a particular person or entity, which may result in a **Claim**.
3. Upon a **Member** first becoming aware of any act or omission which would reasonably be expected to be the basis of a **Claim** or suit covered under this **Agreement**, written notice shall be given by the **Member** to the **Mutual Pool's** claims administrator as soon as practicable, together with the fullest information obtainable. If a **Claim** is made or a lawsuit is brought against the **Member**, the **Member** shall immediately forward to the **Mutual Pool** every demand, notice, summons or other process received by the **Member** or the **Member's** agent.

### **B. Contribution Payments**

Contributions are determined by the Board of Trustees at each anniversary for the forthcoming period of coverage and are based upon current underwriting information.

### **C. Territorial Scope**

This coverage applies to occurrences worldwide for which suit is brought in the United States.

### **D. Deductibles**

The coverages provided herein are subject to a property deductible of \$500, an **Automobile** physical damage deductible of \$1000 and a crime deductible of \$500 per

**Occurrence.** (Automobile physical damage is covered under the property section.) The property deductible does not apply to third party auto liability **Claims**.

**E. Arbitration**

1. In the event the **Insured** and the **Mutual Pool** are unable to agree on any matter concerning this **Coverage Agreement**, including but not limited to coverage issues, the dispute shall be resolved through arbitration, not litigation. Either party may issue a written demand for arbitration. The **Insured** and the **Mutual Pool** shall agree on the selection of an arbitrator. If they cannot agree within 30 days, either party may request that selection be made by a judge of a court having jurisdiction. Each party will pay the attorneys' fees and expenses it incurs and share the expenses of the arbitrator equally. If the **Insured's** claim for coverage is unsuccessful, the **Insured's** portion of the arbitrator's fee is not covered.
2. Both parties shall agree upon the location of the arbitration; if they cannot agree, the selected arbitrator shall determine the location. Local rules as to arbitration procedure and evidence will apply. The arbitrator's decision will be binding and that judgment may be entered in any court of competent jurisdiction.

**F. Cancellation/Non-Renewal**

1. Any **Member** may withdraw from the **Mutual Pool**, at the end of a coverage period after giving the Board timely written notice of such withdrawal, pursuant to a resolution of the **Member's** governing body. Timely written notice of such withdrawal must be provided to the Board no later than the ninetieth day prior to the date the **Member's** coverage would otherwise renew. The Board shall consider a timely written notice of withdrawal to be a final decision unless the notice is withdrawn by the **Member** before the ninetieth day prior to the date the **Member's** coverage would otherwise renew. The Board may at its sole discretion agree to permit an earlier date of withdrawal.
2. A withdrawn **Member** shall lose all voting rights upon the effective date of withdrawal. Any claim of title or interest to any asset of the **Mutual Pool**, and any continuing obligation of the **Mutual Pool** to the **Member** or of the **Member** to the **Mutual Pool**, after the effective date of the **Member's** withdrawal, shall be consistent with any policy adopted by the Board, and the laws of the State of Utah.
3. A **Member** which fails to pay a premium or any other payment due the **Mutual Pool** shall have its membership in the **Mutual Pool** terminated on the sixtieth day following the due date, unless time for payment is

extended by the Board and payment is made within any extended period. A notice of intent to terminate membership for failure to pay a premium shall be mailed to the **Member** at least thirty (30) days prior to the date of termination. A termination of membership under this paragraph shall not be subject to the provisions for notice and/or hearing otherwise provided in this General Coverage Condition 6.

4. Any membership in the **Mutual Pool** may be terminated by the Board or the **Members** for failure of the **Member** to carry out any other obligation of the **Member**, subject to the following:
  - a. The **Member** shall receive notice from the Board of the alleged failure and shall be given not less than thirty (30) days in which to cure the alleged failure, along with notice that termination of membership could result if the failure is not so cured.
  - b. The **Member** may request a hearing before and decision by the **Members** on the termination. The request shall be made in writing to the Board at least five days before the end of the period given by the Board to cure the alleged failure. At such hearing, the Board shall present the case for termination of membership and the affected Member may present its case. The affected **Member** shall not be counted in determining the number of votes required, nor shall the representative of such **Member** be entitled to vote on the termination.
5. If no request is received pursuant to this General Coverage Condition 6, and if the failure is not cured within the time required by the Board's notice or any extension of such time as the Board may grant, the Board may terminate the membership. The **Member** may request a hearing before, and decision by, the Board on the proposed termination in lieu of a hearing before the **Members**. The request shall be made in writing and received by the Board at least five days before the end of the period given by the Board to cure the alleged failure, and shall be granted if so made.
6. The Board shall provide the **Member** at least ten days prior written notice of the time and place of any requested hearing, and the proposed termination of membership may not take effect until such time after the conclusion of any hearing as the Board or **Members**, as applicable, may set.
7. Termination of membership shall be in addition to any other remedy, which may exist. A **Member** shall lose all voting rights upon termination of its membership. Any claim of title or interest to any asset of the **Mutual Pool**, and any continuing obligation of the **Mutual Pool** to the



**Member** or of the **Member** to the **Mutual Pool**, after the termination of membership, shall be as determined consistent with the Agreement, any policy adopted by the Board, and the laws of the State of Utah.

8. If the period of limitation relating to the giving of the notice is prohibited or made void by any law, that period is amended to provide the minimum period of limitation provided by law.

#### **G. Claims**

1. **Members** must notify the **Mutual Pool's** claims administrator as soon as reasonably practicable of an **Occurrence** that may result in a **Claim**. To the extent possible, notice should include how, when and where the **Occurrence** took place; the names and addresses of any injured persons and witnesses; and the nature and location of any injury or damage arising out of the **Occurrence**. Informing the **Mutual Pool** of an **Occurrence** is not notice of a **Claim**.
2. If a **Claim** is received by any **Member**, the **Member** shall immediately record the specifics of the **Claim** and the date received and shall notify the **Mutual Pool's** claims administrator as soon as practicable.

The **Member** shall:

- a. Immediately send the **Mutual Pool's** claims administrator copies of any demands, notices, summonses or legal papers received in connection with the **Claim** or **Suit**.
- b. Authorize the claims administrator to obtain records and other information.
- c. Cooperate with the **Mutual Pool** and the claims administrator in the investigation, settlement or defense of the **Claim** or **Suit**.
- d. Assist the **Mutual Pool**, upon its request, in the enforcement of any right against any person or organization which may be liable to the **Insured** because of injury or damage to which this **Coverage Agreement** may also apply.
- e. Submit at the **Mutual Pool's** expense and as often as the **Mutual Pool** requires to examinations by physicians selected by the **Mutual Pool**, and authorize the **Mutual Pool** to obtain medical reports and other pertinent information.



3. No **Member**, or other **Insured** will, except at its own cost, voluntarily make a payment, assume any obligation or incur any expense, other than for first aid, without the **Mutual Pool's** consent.
4. The **Insured** shall promptly take at its own expense, except as otherwise provided in this **Agreement**, all reasonable steps to prevent additional injury or damage from or arising out of the same or similar conditions at the same location where the initial injury or damage occurred. Any failure to take such preventative measures shall not constitute a breach of the condition unless the **Mutual Pool** has requested the **Insured** in writing to undertake those preventative measures. Any such expense shall not be recoverable under this **Coverage Agreement**.
5. Additionally, to recover for loss to a covered auto or equipment, the **Member** shall:
  - a. Permit the **Mutual Pool** to inspect and appraise the damaged property before its repair or disposition;
  - b. Do what is reasonably necessary after the loss to protect the covered **Auto** from further loss;
  - c. Submit a proof of loss when required by the **Mutual Pool**; and
  - d. Promptly notify the appropriate local law enforcement agency if the **Automobile** or piece of equipment was stolen.

#### **H. Due Diligence**

The **Insured** shall use due diligence and concur in doing all things reasonably practical to avoid or diminish any loss of or damage to the property insured.

#### **I. Inspections, Audits and Verification of Values**

The **Mutual Pool** or its authorized representatives may inspect the premises used by the **Members** and audit the **Member's** books or records at any time during the term of this **Agreement** or within three years after its expiration or termination. There is no time limit for auditing the **Member's** books or records with respect to **Claims** under this **Agreement**.

#### **J. Mortgage**

The interest of any mortgagor on property covered by this **Agreement** is included as if a separate endorsement were attached hereto to the extent of the amount of the mortgage as of the date of loss, subject to the limits of liability set forth in this **Agreement**.

**K. Other Insurance**

If the **Insured** has other insurance against loss or damage covered under this **Agreement**, the **Mutual Pool** is liable under the terms of this **Agreement** only as excess of coverage provided by another insurance policy. However, this clause does not apply to the purchase of excess insurance or reinsurance above the excess limits of insurance stated in this **Coverage Agreement**.

**L. Subrogation, Salvage and Recovery**

The **Mutual Pool** shall be subrogated to all rights which the **Insured** may have against any person or other entity in respect to any **Claim** or payment made under this **Coverage Agreement** and the **Insured** shall execute all papers required by the **Mutual Pool** and shall cooperate with the **Mutual Pool** to secure the **Mutual Pool's** rights. If any reimbursement is obtained, or salvage or recovery made by the **Insured** or the **Mutual Pool** on account of any loss covered by the **Mutual Pool**, the net amount of such reimbursement salvage or recovery, after deducting the actual cost of obtaining or making the same, shall be applied in the following order:

1. To the amount of loss which has been paid by the excess/ reinsurer.
2. To reduce the **Mutual Pool's** loss until the **Mutual Pool** is fully reimbursed.
3. To reduce the **Insured's** loss because of the application of the self-insured retention or any aggregate loss fund.

**M. Fraudulent Claims**

If an **Insured** makes a **Claim** knowing the **Claim** to be false or fraudulent, in regard to the **Claim's** amount or otherwise, coverage shall become void and the **Claim** shall be forfeited.

**N. Extended Reporting Period**

1. The extended reporting period for **Claims** covered by the Public Officials Errors & Omissions portion of this **Agreement** is automatically provided without additional charge. This period starts with the end of the period of insurance and extends for 60 days. In the event of non-renewal of this **Agreement** by the **Mutual Pool** or the **Member**, the **Member**, upon payment of an additional contribution of not more than 100% of the total expiring premium, shall have the right to extend the period in which a **Claim** may be made by the **Member** against the **Mutual Pool** for a period of up to 24 months after the expiration date of this **Agreement**.

2. The extended reporting period does not apply to **Claims** that are covered under any subsequent insurance applicable to this **Coverage Agreement** which a **Member** purchases or that would have been covered but for exhaustion of the amount of insurance applicable to those **Claims**.

**O. Cross Liability**

1. In the event of liability being incurred by reason of injury suffered by any employee of one **Member** which does not arise out of the injured employee's employment, for which another **Member** is liable, then this **Agreement** shall indemnify the **Member** for that liability in the same manner as if separate agreements had been issued to each **Member**.
2. In the event of liability being incurred by reason of **Property Damage** to **Property** belonging to any **Member** for which another **Member** is liable, then this **Agreement** shall indemnify the **Member** in the same manner as if separate agreements had been issued to each **Member**.
3. Nothing contained in this condition shall operate to:
  - a. Increase the **Mutual Pool's** limits of liability; or
  - b. Include coverage for a **Member** who sustains **Property Damage** as a consequence of its own employee's acts.

**P. Multiple Claims or Claimants**

1. Inclusion herein of more than one **Member** or **Named Member** or the making of more than one claim or the bringing of suits by more than one person or organization shall not operate to increase Limits of Coverage.
2. Two or more claims arising out of a single wrongful act or series of related wrongful acts shall be treated as a single claim. All such claims, whenever made, shall be considered first made during the coverage period, or extended reporting period if purchased, in which the earliest claim arising out of such wrongful act or related wrongful acts was first made and all such claims shall be subject to the same Limits of Coverage.

### PART III GENERAL COVERAGE EXCLUSIONS

The following exclusions apply to all coverages described in this **Agreement**. This **Agreement** does not provide coverage for:

- A. Loss, damage or any type of liability caused by or resulting from fraudulent or dishonest acts committed by the **Insured**, whether working alone or with others, except as provided in the Crime Coverages herein.
- B. Expenses from any cost, civil fine, penalty or expense against any **Insured** for any compliance or enforcement action from any federal, state or local governmental regulatory agency.
- C. Any liability arising out of either the operations of a hospital or the medical malpractice of any physician, medical doctor, osteopath, chiropractor, resident, extern or intern; psychiatrist; pharmacist; dentist, orthodontist, or periodontist.
- D. Workers' compensation, employers' liability and occupational disease.
- E. Claims arising for declaratory or injunctive relief.
- F. **Bodily Injury, Personal Injury, Property Damage** or any type of damage whatsoever to the property of the **Member** due to war, either directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, any weapon of war employing atomic fission or radioactive force whether in time of peace or war, hostilities (whether war was declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority.
- G. Any act of terrorism meaning any act or threatened act that is violent, forceful or in any way dangerous to persons or **Property** (tangible or intangible), of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes which may include the intention to influence any government and/or to put the public, or any section of the public, in fear (see sublimits available in Part I B. Limits of Coverage, 1. Property and 3. Liability). This exclusion also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing, or in any way relating to paragraphs A and B above.
- H. **Bodily Injury, Personal Injury, Property Damage** or any type of damage whatsoever, including the loss of use or any other type of loss or damage caused by the release, discharge or dispersal of **Pollutants** anywhere, anytime in any way,

whether accidental or intentional, sudden, intermittent or continuous and regardless of ownership or location, EXCEPT this exclusion does not apply as provided in the Liability Section for **Bodily Injury** or **Property Damage** arising out of heat, smoke or fumes from a hostile fire.

- I. **Bodily Injury, Personal Injury, Property Damage** or any other type of damage whatsoever, directly or indirectly caused by the presence of asbestos or lead in any form, except as covered in the Property Section.
- J. Loss or damage caused by or resulting from moth, vermin, termites or other insects, inherent vice, latent defect, wear, tear or gradual deterioration, contamination, rust, wet or dry rot, mold, dampness or atmosphere, smog, extremes of temperature or loss or damage by settling for any reason, including movement of any kind, shrinkage or expansion in building or foundation.
- K. Loss of or damage to or **Claims** resulting from the maintenance, operation or use of any satellite, aircraft, or of water craft over 26 feet in length.
- L. Loss of or damage to jewelry, precious stones and furs or garments trimmed with fur.
- M. **Bodily Injury, Personal Injury, Property Damage** or any type of damage whatsoever for any **Claims** made or lawsuits brought against any **Insured** alleging physical or sexual assault, abuse, molestation or habitual neglect. This exclusion applies whether the act was committed intentionally, negligently, inadvertently or with the belief, erroneous or otherwise, that the other party is consenting and has the legal and mental capacity to consent.
  - 1. However, the **Insured** may be entitled to a defense and the payment of **Claims** expenses for civil **Claims** brought against the **Insured** as provided under the terms of this **Agreement** if the lawsuit is brought for alleged civil rights violations in addition to physical or sexual assault, abuse, molestation or habitual neglect. The **Mutual Pool** may provide for the defense of the **Claim** unless or until a judgment or final adjudication of liability is established or there is an admission by the **Insured** accused of the act that establishes the injury claimed in the suit in whole or in part.
  - 2. The **Mutual Pool** shall not be required to appeal a judgment or final adjudication that is adverse to the **Insured**. However, if the **Insured** elects to appeal the judgment or final adjudication and the judgment or adjudication is reversed on the issue of liability, the **Mutual Pool** may then reimburse the **Insured** for all reasonable expenses incurred in the appeals process.

**N.** Any **Claim** or **Claims** for **Bodily Injury** or **Personal Injury** relating to:

1. Human Immune Deficiency Virus (HIV);
2. Acquired Immune Deficiency Syndrome Related Complex (ARC);
3. Acquired Immune Deficiency Syndrome (AIDS);
4. Any virus, complex or syndrome that is related to the foregoing;

EXCEPT this exclusion does not apply to any actual or alleged discrimination based on the actual or alleged contraction of any of the foregoing as covered under Part VII B. 2. b. Errors and Omissions.

**O.** Any **Claim** based upon the **Insured's** failure to comply with the Federal Employee Retirement Income Security Act of 1974 (ERISA), including subsequent amendments or any similar federal, state or local law or regulations.

**P.** **Bodily Injury, Personal Injury, Property Damage** or any type of damage whatsoever resulting from nuclear incidents, including:

1. Loss or damage to property of the **Member** or liability from **Property Damage, Bodily Injury** or **Personal Injury** accruing to the **Insured** directly or indirectly from any and all forms of radioactive contamination;
2. Any loss or damage to property of the **Insured** or liability from **Property Damage, Bodily Injury** or **Personal Injury** accruing to the **Insured** directly or indirectly from any pool of Insurers or Reinsurers formed for the purpose of covering atomic or nuclear energy risks;
3. Any loss or liability accruing to the **Insured**, directly or indirectly, for physical damage of property of the **Insured** including Business Interruption or consequential loss arising out of such physical damage, in addition to **Property Damage, Bodily Injury** or **Personal Injury** due to nuclear reactor power plants, any nuclear material or the dispersal, discharge, storage or processing of nuclear material, nuclear facilities, installations, laboratories or special nuclear material, as defined by the Atomic Energy Act of 1954 as amended;
4. Any loss or damage or liability resulting from the hazardous properties of nuclear material and with respect to which any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954 as amended, or if the **Insured** is or, had this Agreement not been issued, would be entitled to indemnity from the United States of America or any agency thereof.



5. Definitions used in this exclusion:

- a. "Hazardous properties" means radioactive, toxic or explosive properties.
- b. "Nuclear materials" means source material, special nuclear material, byproduct material and have the meanings given them in the Atomic Energy Act of 1954, as amended.
- c. "Spent nuclear fuel" means any fuel element or fuel component, solid or liquid, which has been used, or to radiation in a nuclear reactor.
- d. "Waste" means any waste material which contains byproduct material from any ore processed primarily for its source material content and which results from the operation by any person or organization of any nuclear facility.
- e. "Nuclear facility" means any nuclear reactor, any equipment or device designed or used for separating the isotopes of uranium or plutonium or processing or utilizing spent fuel, or handling, processing or packaging waste. Nuclear facility also means any equipment or device used for the processing, fabricating or alloying of special nuclear material and any structure, basin, excavation, premises or place prepared or used for the storage of waste and the site and all operations on that site.

**Q.** To any claims arising in whole or in part out of any **Sexual Abuse**, either performed or alleged to have been performed by a **Member**. Claims of **Sexual Harassment** are covered under this **Agreement** unless the claim also arises out of **Sexual Abuse**.

**R.** Any **Bodily Injury, Personal Injury, Property Damage** or any type of damage whatsoever to the **Property** of the **Member** arising out of search and rescue operations, unless endorsed hereon.

**S.** **Land Use Proceedings.** This Coverage Agreement does not cover any **Claims** or **Suits** arising out of the operation of the principles of eminent domain, condemnation proceedings, inverse condemnation proceedings, regulatory taking by whatever name called, land use actions, zoning, rezoning or failure to zone, whether that liability accrues directly against the **Member** or by virtue of any agreement entered into, by or on behalf of the **Member**. **Claims** or **Suits** alleging civil rights violations arising out of any of these listed proceedings are also excluded. Liability coverage under this Coverage Agreement is provided for monetary **Damages** arising from a decision by the **Member** or its officers, agents

or **Employees** to issue or not issue building or construction permits, certificates of occupancy, business licenses, alcoholic beverage licenses or other permits and licenses that the **Member** is authorized by law to issue.



## PART IV GENERAL DEFINITIONS

**“Accident”** is descriptive of means which produce effects which are not their natural and probable consequences.

This **“Agreement”** or this **“Coverage Agreement”** means the **Coverage Agreement** created to describe the property and liability coverages provided to the **Members** of the **Mutual Pool**.

**“Automobile”** or **“Auto”** means any motor vehicle intended or designed for highway use, and trailers or semi-trailers, including their equipment and any other equipment permanently attached to it, but **Automobile** does not include **Mobile Equipment**. However, self-propelled vehicles with the following types of permanently attached equipment are considered **Automobiles**: equipment designed primarily for snow removal, equipment designed for road maintenance but not construction or resurfacing, and equipment designed for street cleaning.

**“Bodily Injury”** means physical injury (including death) to any person, and any mental anguish or shock, sickness, disease, disability or death associated with or arising from that physical injury. **Bodily Injury** also includes battery and incidental medical malpractice.

**“Claim”** is an allegation of damage for which an **Insured** seeks coverage from the **Mutual Pool**.

**“Contamination”** means any unclean, unsafe, damaging, injurious or unhealthy condition arising out of the presence of **Pollutants**, whether permanent or transient in any environment.

**“Damages”** include jury awards, settlements, attorney’s fees and costs, but do not include back pay, overtime pay or other benefits that are routinely paid by a **Member** to its employees.

**“Earthquake”** means seismic geologic activity which causes movement in the earth’s surface including loss or damage from any other cause or event that contributes concurrently or in any sequence to the loss. If more than one earthquake shock occurs within any period of 72 hours during the term of this insurance, it is deemed to be a single earthquake **Occurrence**.

**“Employee Benefit Programs”** means group life insurance, group accident or health insurance, pension plans, profit sharing plans, employee savings and investment plans, employee stock subscription plans, travel or vacation plans, workers’ compensation, unemployment insurance, social security, disability benefits insurance, employee welfare benefit plans and welfare plans, and any other similar employee benefit programs.

**“Employment Related Practices”** means:

1. Refusal to employ;
2. Termination of employment;
3. Practices, policies, acts or omissions such as coercion, demotion, failure to promote, evaluation, reassignment, discipline, harassment (other than sexual harassment), civil rights and discrimination;
4. Any act relating to the selection, supervision or dismissal of any employee.

**“Environment”** includes any person, any real or personal property, animals, crops and vegetation, land including land under which a building is placed, bodies of water, underground water or water table supplies, air and any other feature of the earth or its atmosphere, whether or not altered, developed or cultivated, including but not limited to any of the above that is owned, controlled or occupied by a **Member**.

**“Flood and Surface Water”** means waves, tide or tidal water and the rising (including the overflowing or breaking of boundaries) of lakes, ponds, reservoirs, rivers, streams, harbors and similar bodies of water.

~~**“Hired Auto”** means those Autos that a Member leases, hires, rents, or borrows. This does not include any Auto leased, hired, rented or borrowed for a Member’s employees, or members of their households.~~

**“Insured”** means a **Member**. **“Insured”** also includes the following:

1. Any past, present or future officials; members of boards or commissions, trustees or directors; officers, volunteers authorized to act on behalf of the county or employees of the **Member** while acting within the scope of their duties as such, and any person, organization, trustee or estate to whom the **Member** is obligated by virtue of a written contract or agreement to provide insurance such as is outlined in this **Coverage Agreement**, but only in respect of operations by or on behalf of the **Member**.
2. ~~Under Part VIII A. **Automobile** Liability Section (which describes **Automobile** liability coverage), any person while using an **Automobile** owned by the **Member** or a **Hired Automobile**, and any person or organization legally responsible for the use thereof, provided the actual use of the **Automobile** is by any official, trustee, director, officer or employee of the **Member** or the **Insured** or with his permission and any official of the **Member** with respect to the use of non-owned **Automobiles** in the business of the **Member**. This coverage, with respect to any person or organization other than the **Member**, does not apply:~~

- a. ~~To any person or organization or to any of their agents or employees operating an Automobile sales agency, repair shop, service station, storage garage or public parking place, with respect to any Accident arising out of those operations;~~
- b. ~~To any employee of a person or organization other than the Member with respect to injury or sickness, disease or death during the course of employment in an Accident arising out of the maintenance or use of the Automobile in the business of the outside employer;~~
- c. ~~With respect to any Hired Auto, to the owner or lessee, other than the Member, nor to any agent or employee, or that owner or lessee.~~

**“Law Enforcement Activities”** means the activities of any **Insured** while acting as a law enforcement official, officer, auxiliary officer, employee or volunteer of the **Member**, provided that the volunteer has been authorized to act on behalf of the **Member**.

**“Law Enforcement Personal Injury”** means injury, other than **“Bodily Injury”**, arising out of **Law Enforcement Activity** and one or more of the following offenses:

1. Assault and battery;
2. Discrimination, unless insurance thereof is prohibited by law;
3. False arrest, detention or imprisonment;
4. Malicious prosecution;
5. False or improper service of process;
6. Humiliation or mental distress;
7. Oral or written publication of material that slanders or libels a person or organization;
8. Violation of civil rights protected under 42 U.S.C. 1981 et. seq. or state law;
9. Violation of property rights;
10. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor.

**“Medical Payments”** means reasonable expenses for first aid at the time of an **Accident**, necessary medical, surgical, x-ray and dental services, ambulance, hospital, professional nursing and funeral services.

**“Member”** or **“Named Member”** means each of the Counties named in Endorsement 1 and 2 of this **Coverage Agreement**.

**“Mobile Equipment”** means any of the following types of land vehicles, including any attached machinery or equipment:

1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
2. Vehicles maintained for use solely on or next to premises the **Member** owns or rents;
3. Vehicles that travel on crawler treads;
4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted power cranes, shovels, loaders, diggers or drills or to road construction or resurfacing equipment such as graders, scrapers or rollers;
5. Vehicles not described above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types: air compressors, pumps and generators including spraying, welding, building, cleaning, geophysical exploration, lighting and well servicing equipment or cherry pickers and similar devices used to raise or lower workers;
6. Vehicles not described above which are maintained primarily for purposes other than the transportation of persons or cargo.

**“Money”** means currency, coins, bank notes and bullion, and traveler’s checks, register checks and money orders held for sale to the public.

The **“Mutual”** means the ~~Utah Association of Counties Insurance Mutual~~.

**“Occurrence”** means an **Accident**, which results in **Bodily Injury, Personal Injury** or **Property Damage** during the **Agreement** period. Continuous or repeated exposure to substantially the same general harmful conditions shall be deemed one **Occurrence**. There may be multiple **Claims** or claimants involved in one **Occurrence**, however only one deductible applies per **Occurrence**.

**“Personal Injury”** means mental anguish, shock, sickness, disease, disability or wrongful eviction arising out of malicious prosecution, humiliation, invasion of rights of privacy, libel, slander or defamation of character; also piracy and any infringement of copyright or of property, erroneous service of civil papers, and assault and battery. **Personal Injury** also means false arrest, false imprisonment, detention and violation of civil rights. However, **Personal Injury** does not apply to **Claims** arising out of **Law Enforcement Activities**.

**“Pollutants”** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, sounds, alkalis, chemicals, liquids, solids, gases, thermal pollutants, waste and all other irritants or contaminants. “Waste” includes materials to be recycled, reconditioned or reclaimed. However, for purposes of the general liability coverages provided in this agreement, “Pollutants” does not include herbicides or pesticides.

The **“Pool”** means the Utah Counties Insurance Pool.

**“Premises”** means the interior of that portion of a building, which is occupied by the **Member** for business operations.

**“Property”** or **“Property of the Named Member”** means all real and personal property, including leasehold improvements or betterments which the **Member** owns, property which the **Member** holds on consignment or agrees to cover by any contractual agreement normal to its operations, and the **Member’s** own property in the course of construction, repair or renovation.

**“Property Damage”** means direct damage to or destruction or loss of tangible property, including all resulting loss of use of property. This definition applies to Sections II and III of this **Agreement**. **Property Damage** excludes damage to the property owned by the **Member** but includes damage to property of others in the care, custody or control of the **Member** or property purchased by the **Member** under a contract which provides that the title remain with the sellers until payments are completed, in which case the **Mutual Pool’s** liability is limited to the amount of payments outstanding.

**“Securities”** means all negotiable instruments or contracts representing either money or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include money.

**“Sexual Abuse”** means any actual, attempted or alleged criminal sexual conduct towards a person by another person, or persons acting in concert, which causes physical and/or mental injury. **Sexual Abuse** includes: sexual molestation, sexual assault, sexual exploitation or sexual injury. **Sexual Abuse** does not include **Sexual Harassment**.

**“Sexual Harassment”** means “Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when

(1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, (2) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual, or (3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment" (Equal Employment Opportunity Commission Guidelines, Section 1064.11).

**"Ultimate Net Loss"** means the total sum that the **Insured** becomes obligated to pay by reason of any **Claim**, either through adjudication or settlement, after making proper deductions for all recoveries and salvages. The term includes hospital, medical and funeral charges and all sums paid as fees, charges and legal costs, premiums on attachment or appeal bonds, interest, expenses for doctors, lawyers, nurses and investigators, and for litigation, settlement, adjustment and investigation of **Claims** and lawsuits which are paid as a consequence of any **Occurrence** covered by the **Mutual Pool**. Fees paid to the third party administrator are specifically excluded from this definition. The **Mutual Pool** does not pay for any claim for front pay, back pay or other incidents of compensation or benefits due to a Member's employees.

**"Wrongful Act"** means any actual or alleged error or misstatement, omission, act of neglect or breach of duty including employment related practices, discrimination and violations of civil rights by the **Insured**. If a **Claim** is made that involves a series of related **Wrongful Acts**, the **Claim** date shall be the date when the first of the related **Claims** was made. Only one deductible and one self-insured retention shall apply.

## PART V PROPERTY COVERAGE SECTION

### A. Coverage Agreements

#### 1. Buildings and Contents

The **Mutual Pool** agrees, subject to limitations, terms and conditions of this **Agreement**, to indemnify the **Named Member** for all physical loss or damage to all real or personal property of every kind and description, wherever located, which occurs during the **Agreement Period**.

#### 2. Automobile and Mobile Equipment Physical Damage

The **Mutual Pool** agrees, subject to the limitations, terms and conditions of this **Agreement**, to indemnify the **Member** for loss or damage to **Automobiles** and **Mobile Equipment** owned by the **Member** or for which the **Member** has an obligation to provide coverage, wherever located, against all risks of direct physical loss or damage including the collision of an **Automobile** with another object.

#### 3. Crime Coverage

The **Mutual Pool** will indemnify **Members** for losses of **Money** and **Securities**, losses caused by forgery and alteration and losses caused by employee dishonesty under the terms and conditions set out in this section.

### B. Conditions of Coverage

#### 1. Valuation

On buildings, structures and general contents, the **Mutual Pool** shall not be liable for loss or damage in excess of the cost, as of the date of loss, of replacement of the damaged or destroyed property in a new condition with materials of like size, kind and quality, all subject to the following conditions:

- a. If the damaged or destroyed property is not repaired, rebuilt or replaced on the same or another site within two years after the loss or damage, the **Mutual Pool** shall not be liable for more than the actual cash value as of the date of loss (ascertained with proper depreciation) of the property destroyed.



- b. Except as provided in subsection 3., the total liability of the **Mutual Pool** under this **Agreement** for loss to **Property** shall not exceed the lesser of the following:
  - (i) The cost to repair;
  - (ii) The cost to rebuild or replace, all as of the date of loss, on the same site, with new materials of a like size, kind and quality;
  - (iii) The actual expenditure incurred in rebuilding, repairing or replacing on the same or another site; or
  - (iv) The **Member's** stated value listed on the property schedule.
- c. A **Member** may provide for the increased value of an historical building, but only by completing the following steps prior to loss:
  - (i) Provide written notice of the intention to cover the **Property** for restoration cost instead of replacement cost;
  - (ii) Include a proper description of the building and the desired limits of coverage for the **Property**; and
  - (iii) Provide an appraisal supporting the reported value.

## 2. **Debris Removal**

This **Agreement** covers the expense of removal from the premises of debris remaining after any covered loss, including the expense of removal of any foundations, if damaged or unusable.

## 3. **Removal Clause**

This **Agreement** covers the expense and damage to property removed from the premises, which results from the property being endangered by the perils covered against.

## 4. **Architect's and Engineer's Fees**

Fees are limited to a maximum of seven percent of the repair or replacement cost of damaged property whichever is less.



5. **Civil Authority Clause**

Notwithstanding anything contained in this **Agreement**, **Property** which is insured under this **Agreement** is also covered against the risk of damage or destruction by civil authority during a fire and for the purpose of retarding the same; provided that neither the fire nor its damage or destruction is caused or contributed to by war, invasion, revolution, rebellion insurrection or other hostilities or warlike operations.

6. **Ordinance Deficiency Clause**

Notwithstanding anything contained herein to the contrary, the **Mutual Pool** shall be liable also for the loss occasioned by the enforcement of any federal, state or municipal law, ordinance or code, which necessitates, by repairing or rebuilding, replacement of material to meet those requirements. If demolition is required to comply with the enforcement, the **Mutual Pool** shall also be liable for such additional costs.

7. **Expense To Reduce Or Prevent Loss**

The **Named Member** shall employ every reasonable means to protect **Property** from further damage, including the prompt execution of temporary repairs where necessary for such protection and the separation of damaged from undamaged personal property. The **Mutual Pool** shall be liable for reasonable expenses so incurred to minimize insured loss, but any payment under this provision shall not serve to increase the limit of liability that would otherwise apply at the time and place of loss, nor shall such expenses exceed the amount by which the loss is reduced.

C. **Exclusions**

In addition to the general exclusions of this **Coverage Agreement**, this section does not apply to any **Claim** for damages, whether direct or consequential, or for any cause of action which is covered under any other section of this **Agreement**.

In addition, this section does not cover loss or damage to:

1. Land, or land values, atmosphere, standing timber, trees, shrubs, plants, lawn, growing crops, water except water which is normally contained within any type of tank, piping system or other process equipment.
2. Dams, levees or dikes, bridges, roadways, streets, walks or other paved surfaces, railroad beds, ties and tracks, fences, and retaining walls outside of and not forming a part of any building.

3. Underground mines and mining property located below the surface of the ground.
4. Any **Property** undergoing insulation breakdown tests.
5. Accounts, bills, currency, deeds, evidences of debt or title, **Money**, notes or **Securities**, other than covered under Section II - Crime Coverage or by endorsement.
6. With respect to property in the course of construction:
  - a. Loss or damage to **Property** caused by or resulting from errors in design or testing of that **Property** but not excluding resultant physical loss or damage to **Property** covered hereunder other than the **Property** lost or damaged by error in the design or testing of that property;
  - b. The repair or replacement of faulty or defective workmanship, material, or construction, but this exclusion shall not apply to physical damage to other **Property** resulting from such faulty or defective workmanship or material; or
  - c. Penalties for non-completion of, or delay in completion of, contract or non-compliance with contract conditions, nor for loss of use of occupancy however caused.
7. Loss resulting from loss of use, delay or loss of markets.
8. Any loss caused by or resulting from explosion, implosion, rupture, bursting, cracking, burning or bulging of boilers, pressure vessels or the piping or apparatus attached thereto unless fire ensues, and then only for the actual loss or damage caused by the ensuing fire.
9. Error in machine programming or machine instructions, or breakdown or derangement of machinery.
10. Inventory shortage, mysterious disappearance or loss resulting from any kind of infidelity, dishonesty or fraud on the part of the **Member** of any of its employees, whether alone or in collusion with others, except from the perils covered in Section V - Summary of Crime Coverages, Item A, of this **Coverage Agreement**.
11. Loss or damage to electrical appliances, devices, fixtures or wiring caused by artificially generated electric current, unless fire or explosion ensues,

and then only for the actual loss or damage caused by such ensuing fire or explosion.

12. Loss or damage to real and personal property caused by processing, renovating, repairing or faulty workmanship thereon, unless fire or explosion ensues, and then only for the direct loss or damage caused by such ensuing fire or explosion.
13. Loss or damage to personal property resulting from shrinkage, evaporation, loss of weight leakage, depletion, erosion, marring, scratching, exposure to light, or change in color, texture or flavor, unless such loss or damage is caused directly by fire or the combating thereof, lightning, windstorm, hail, explosion, strike, riot or civil commotion, aircraft, vehicles, breakage of pipes or apparatus, sprinkler leakage, vandalism and malicious mischief, theft or attempted theft.
14. Loss or damage to real property resulting from cracking, bulging, expansion of pavements, foundations, walls, floors or ceilings, unless one or more of the building or structure's walls or roofs is physically broken and falls to a lower level. If, however, direct loss by liquids or gases not otherwise excluded, or collapse results, then this **Agreement** shall cover only the resulting loss. Loss resulting from extremes or changes of temperature (except to water piping or space heating equipment due to freezing) or changes in relative humidity, all whether atmospheric or not, is also excluded.
15. Any increase of loss due to interference with rebuilding, repairing, or replacing the property or with the resumption or continuation of business at the described premises caused by strikers or other persons.
16. Any increase in loss due to the suspension, lapse or cancellation of any lease or license, contract or order.
17. Property sold by the Insured under conditional sale, trust agreement, installment payment, or other deferred payment plan, after delivery to customers.
18. Transmission and distribution facilities, except within 1000 feet of the described premises.
19. Contraband, or property in the course of illegal transportation or trade.
20. Loss or damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

- a. The failure, malfunction or inadequacy of:
  - (i) Any of the following, whether belonging to any insured or to others:
    - (A) Computer hardware, including microprocessors.
    - (B) Computer application software.
    - (C) Computer operating systems and related software.
    - (D) Computer networks.
    - (E) Microprocessors (computer chips) not part of any computer system.
    - (F) Any other computerized or electronic equipment or components; or
  - (ii) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in paragraph a. (i) due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
- b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by or for an **Insured** to determine, rectify or test for, any potential or actual problems described in paragraph a. of this exclusion.

21. Loss of or injury to animals except as named in a specific endorsement;

#### **D. Extensions of Coverage**

##### **1. Extra Expense**

It is agreed that if the **Member's** property is damaged or destroyed during the period of this **Coverage Agreement** so as to necessitate incurring Extra Expense (as defined below) the **Mutual Pool** shall be liable for the Extra Expense so incurred, not exceeding the actual loss sustained, for not exceeding such length of time, hereinafter referred to as the **Period of Restoration**.

It is further agreed that this extension in coverage shall not operate to increase the **Mutual Pool's** limits of liability here under.

a. Definitions that Apply to Extra Expense:

- (i) The term **Extra Expense** means the excess (if any) of the total cost incurred during the Period of Restoration chargeable to the operation of the **Member's** business, over and above the total cost that would normally have been incurred to conduct the business during the same period had no damage or destruction occurred.

Any salvage value of **Property** obtained for temporary use during the period of restoration, which remains after the resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.

- (ii) The term **normal** means the condition that would have existed had no loss occurred.
- (iii) The word **month** means 30 consecutive days.
- (iv) **Period of restoration** means such length of time commencing with the date of damage and not limited by the date of expiration of the **Coverage Agreement**, as would be required with the exercise of due diligence and dispatch to repair, rebuild or replace such part of the **Member's Property** as has been damaged or destroyed.

b. Conditions that Apply to Extra Expense:

- (i) Resumption of Operations: It is a condition of the **Coverage Agreement** that as soon as practical, the **Member** shall resume normal operations of the business and shall dispense with such Extra Expense.
- (ii) Interruption by Civil Authority: Liability hereunder is extended to include actual loss as covered hereunder, sustained during the period of time, not exceeding two weeks, when as a direct result of peril covered against, access to the premises in which the **Property** described is located is prohibited by order of civil authority.

c. Exclusions that Apply to Extra Expense:

In addition to the general exclusions of this **Coverage Agreement**, the **Mutual Pool** shall not be liable for Extra Expense resulting from:

- (i) The suspension, lapse or cancellation of any lease, license contract or order beyond the period of restoration.
  - (ii) Interference at a premises by strikers or other persons with rebuilding, repairing or replacing the **Property** damaged or destroyed, or with the resumption or continuation of business.
  - (iii) Enforcement of any local or state ordinance or law regulating construction, repair, or demolition of buildings or structures.
- c. Further, the **Mutual Pool** shall not be liable for:
- (i) More than the amount set forth in the limits of liability for each premises.
  - (ii) Loss of income.
  - (iii) The cost of repairing or replacing any of the real or personal property covered hereunder, or the cost of research or other expense necessary to replace or restore damaged or destroyed books of account, abstract drawings, card index systems or other records, (including files, tape, disc, drum, cell or other magnetic recording or storage media for electronic data processing), that have been damaged or destroyed by the perils covered against, except cost in excess of the normal cost of such repair, replacement or restoration necessarily incurred for the purpose of reducing loss under the **Coverage Agreement**. In no even shall such excess cost exceed the amount by which the total extra expense loss otherwise payable under this **Coverage Agreement** ensues from theft or attempted theft, and the **Mutual Pool** shall be liable for only such ensuing loss.
  - (iv) Loss resulting from theft of any **Property** which at the time of loss is not an integral part of building or structure (except direct loss by pillage and looting occurring during and at the immediate place of a riot or civil commotion), unless loss by a peril not excluded in this **Coverage Agreement** ensues from theft or attempted theft, and then the **Mutual Pool** shall be liable for only such ensuing loss.

2. **Electronic Data Processing Equipment**

a. **Property Covered:**

- (i) Data processing systems including equipment and component parts thereof owned by the **Member** or leased, rented or under the control of the **Member**.
- (ii) This **Agreement** insures against the necessary Extra Expense, as defined in this section, incurred by a **Member** in order to continue as nearly as practicable the normal operation of its business, immediately following damage to or destruction of a data processing system including equipment and component parts and data processing media which is owned, leased, rented or under the control of the **Member**, as a result of all risks of physical loss or damage. In no event shall the insured loss exceed the amount indicated in the limits of this **Coverage Agreement**.
- (iii) This coverage includes actual losses sustained during the period of the **Agreement** including losses where the **Property** is so damaged that access to the **Property** is prevented or when the air conditioning system or electrical system necessary for the operation of the data processing equipment is so damaged that the **Member's** ability to perform normal operations is reduced or suspended.

b. **Property Excluded:**

- (i) Active data processing media which is hereby defined as meaning all forms of converted data and/or program and/or instruction vehicles employed in the **Member's** data processing operation;
- (ii) Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts, or other documents;
- (iii) **Property** rented or leased to others while away from the premises of the **Member**.

c. **Perils Covered:**

This **Agreement** covers against all risks or direct physical loss or damage to the **Property** covered, except as hereinafter provided.

d. Perils Excluded:

This extension does not cover against loss, damage or expense caused directly or indirectly by:

- (i) Damage due to mechanical failure, faulty construction, error in design unless fire or explosion ensues, and then only for loss, damage or expense caused by the ensuing fire or explosion.
- (ii) Any dishonest, fraudulent or criminal act by any **Insured**, a partner therein or an officer, director or trustee thereof, whether acting alone or in collusion with others.

e. Valuation.

Replacement cost - The **Mutual Pool** shall not be liable beyond the actual replacement cost of the **Property** at the time any loss or damage occurs and the loss or damage shall be ascertained or estimated on the basis of the actual cash replacement cost of **Property** similar in kind to that covered at the place of and immediately preceding the time of the loss or damage, but in no event to exceed the limit of liability stipulated in the General Coverage Declarations of this **Coverage Agreement**.

f. Difference In Conditions.

It is a condition of this coverage that the **Member** shall file with the **Mutual Pool** a copy of any lease or rental agreement pertaining to the property covered hereunder insofar as concerns the lessors' liability for loss or damage to the **Property**, coverage afforded hereunder shall be only for the difference in conditions between those contained in said lease or rental agreement and the terms of the extension. The **Member** agrees to give the **Mutual Pool** 30 days notice of any alteration, cancellation or termination of the above mentioned lease or rental agreement pertaining to the lessors' liability.

3. **Valuable Papers and Records**

a. Conditions that Apply to Valuable Papers:

- (i) The **Mutual Pool** agrees to pay for the loss or damage to valuable papers and records.
- (ii) This extension covers all risks of direct physical loss of, or damage to, valuable papers and records, except as



hereinafter provided, which occur during the period of coverage.

b. Protection of Valuable Papers and Records.

Coverage under this extension shall apply only while the **Member's** valuable papers and records are contained in the premises of the **Member**, and shall be kept in protective receptacles at all times when the premises are not open for business, except while the valuable papers and records are in actual use.

c. Automatic Extension.

The coverage afforded by this section of the **Agreement** applies while the valuable papers and records are being conveyed outside the premises and while temporarily within other premises, except for storage.

d. Removal.

The coverage afforded by this section of the **Agreement** applies while the valuable papers and records are being removed to and while at a place of safety because of imminent danger of loss and while being returned from that place, provided the **Member** gives written notice to the **Mutual Pool** of the removal within 10 days thereafter.

e. Ownership of Valuable Papers and Records. Interest Covered:

Valuable papers and records that are covered may be owned by the **Member** or held by the **Member** in any capacity; provided, the coverage applies only to the interest of the **Member** in the valuable papers and records, including the **Member's** liability to others, and does not apply to the interest of any other person or organization in any of the valuable papers and records unless included in the **Member's** proof of loss.

f. Limits of Liability, Valuation, Settlement Option.

- (i) The limit of the **Mutual Pool's** liability for loss shall not exceed the actual cash value of the valuable papers and records at the time of loss nor what it would then cost to repair or replace the valuable papers and records with others of like kind and quality, nor the applicable limit of coverage. The **Mutual Pool** may pay for the loss in money or may repair or replace the valuable papers and records and may settle any **Claim** for loss of the valuable papers and records either with the **Member** or the owner thereof.

- (ii) Application of the coverage to valuable papers and records of more than one person shall not operate to increase the applicable limit of coverage.
- (iii) Notice to any representative or knowledge possessed by any representative or by any other person shall not effect a waiver or a change in any part of this extension or stop the **Mutual Pool** from asserting any right under the terms of this extension nor shall the terms of this extension be waived or changed, except by endorsement issued to form a part of this extension.

g. Definition of Valuable Papers.

The term **Valuable Papers and Records** means written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts, but does not mean **Money** or **Securities**.

h. Exclusions That Apply to Valuable Papers:

This section does not provide coverage for:

- (i) Loss or damage due to any dishonest, fraudulent or criminal act by any **Insured**, or any officer, director or trustee of the **Member**, whether acting alone or in collusion with others.
- (ii) Loss of or damage to **Property**, if that **Property** cannot be replaced with like kind or quality.
- (iii) Loss of or damage to **Property** held as samples or for sale or delivery after sale.
- (iv) Loss due to electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning.

4. **Accounts Receivable**

In consideration of the **Member** contribution paid and subject to the terms, conditions and exclusions of this **Agreement**, and to the following terms, conditions and exclusions, this coverage description is extended to cover:

a. Subject of Coverage:

- (i) All sums due to the **Member** from customers and others provided the **Member** is unable to effect collection thereof as the direct result of loss of or damage to records of accounts receivable.
- (ii) Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectable by such loss or damage.
- (iii) Collection expenses in excess of normal collection costs and made necessary because of the loss or damage.
- (iv) Other expenses, when reasonable incurred by the **Member** in re-establishing records of accounts receivable following loss or damage.

b. Perils Covered:

All risks of direct physical loss or damage to the **Member's** records of accounts receivable occurring during the period of this **Coverage Agreement**, except as specified in this section.

c. Perils Excluded:

This extension does not cover against:

- (i) Loss due to any fraudulent, dishonest or criminal act by any **Insured** or an officer, director or trustee of the **Member**, whether acting alone or in collusion with others.
- (ii) Loss due to bookkeeping, accounting or billing errors or omissions.
- (iii) Loss, the proof of which as to factual existence, is dependent upon an audit of records or an inventory computation; but this shall not preclude the use of such procedures in support of **Claim** for loss, which the **Member** can prove through evidence, is due solely to a risk of loss to records of accounts receivable not otherwise excluded hereunder.
- (iv) Loss due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of **Money, Securities** or

other **Property** but only to the extent of such wrongful giving, taking, obtaining or withholding.

- (v) Loss due to electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning.

d. Sum Covered.

The **Mutual Pool** shall not be liable under this extension for more than the respective sum covered stated in the declarations in respect of each loss or series of losses arising out of one event.

e. Conditions.

After payment of loss, all amounts recovered by the **Member** on accounts receivable for which the **Member** has been indemnified shall belong to and be paid to the **Mutual Pool** by the **Member** up to the total amount of loss paid by the **Mutual Pool**, but all recoveries in excess of those amounts shall belong to the **Member**.

f. Determination of Receivables, Deductions.

- (i) When there is proof that a loss covered by this extension has occurred but the **Member** cannot accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be based on the **Member's** monthly statements and shall be computed as follows:
  - (A) Determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;
  - (B) Calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the twelve months immediately preceding the month in which the loss occurs, or such part thereof for which the **Member** has furnished monthly statements to the **Mutual Pool** as compared with the average for the same months of the preceding year;
  - (C) The amount determined under (i), increased or decreased by the percentage calculated under

subsection (ii), shall be the agreed total amount of accounts receivable as of the last day of the fiscal month in which the loss occurred;

(D) The amount determined under subsection (iii) above, shall be increased or decreased in conformity with the normal fluctuations in the amount of accounts receivable during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last fiscal month for which the statement has been rendered.

(ii) There shall be deducted from the total amount of accounts receivable, however established, the amount of the accounts evidenced by records not lost or damaged, or otherwise established or collected by the **Member**, and an amount to allow for probable bad debts which would normally have not been collectable by the **Member**. All unearned interest and service shall be deducted.

## 5. **Property In Transit**

a. Coverage for **Property In Transit**.

In consideration of the **Member** contribution paid and subject to the terms, limits and conditions of this **Agreement**, and to the following conditions and exclusions, coverage is extended to: personal property of the **Member** or **Property** held by the **Member** in trust or on commission or on consignment for which the **Member** may be held legally liable while in due course of transit within the limits of the continental United States of America (excluding Hawaii) and Canada, against all risks of direct physical loss or damage to the **Property** covered occurring during the period of this **Coverage Agreement** (including general average and salvage charges on shipments covered while waterborne).

b. Exclusions that Apply to Transit:

This extension does not cover against:

(i) Loss or damage to personal property resulting from shrinkage, evaporation, loss of weight, leakage, breakage of glass or other fragile articles, marring, scratching, exposure to light, or change in color, texture or flavor, unless such loss is caused directly by fire or the combating thereof,

lightning, windstorm, hail, explosion, strike, riot or civil commotion, aircraft, vehicles, breakage of pipes or apparatus, sprinkler leakage, vandalism and malicious mischief, theft or attempted theft.

- (ii) Loss of use, delay or loss of markets.
- (iii) Loss or damage caused by or resulting from misappropriation, conversion, infidelity or any dishonest act on the part of the **Member** or other party of interest, the **Member's** employees or agents or others to whom the **Property** may be delivered or entrusted (carriers for hire excepted).
- (iv) Loss or damage caused by breakdown or derangement of refrigerating units.
- (v) Accounts, bills, currency, **Money**, notes, **Securities**, deeds, evidences of debt and valuable papers.
- (vi) Vehicles designed for highway use.
- (vii) Data processing equipment and media, including but not limited to film, tape, disc, drum, cell and other recording or storage media for data processing.
- (viii) **Property** in due course of ocean marine transit.
- (ix) Shipments by mail after delivery into the custody of the Post Office.

c. Conditions that Apply to Transit:

- (i) The **Member** may accept without prejudice to this **Coverage Agreement** the ordinary bills of lading or receipts issued by carriers including those constraining released or partially released value provisions, but the **Member** shall not enter into any special agreement with carriers releasing them from their common law or statutory liability.
- (ii) **Property** covered by this section shall be valued as follows:

- (A) Sold **Property** at the actual net invoice price of the **Member**;
- (B) Unsold **Property** at the actual cash value of the **Property** at the time the loss or damage occurs with proper deduction for depreciation and in no event to exceed what it would cost to repair or replace the **Property** with material of like kind and quality.

6. **Loss of Rents**

- a. It is hereby understood and agreed that subject to all terms, conditions and exclusions otherwise applicable to Part V – Property Coverage Section A. 1. of this **Coverage Agreement** is extended to cover loss of rents directly resulting from the necessary untenability of a covered building caused by damage to the building or its contents by a peril covered against, and for which a limit of liability for loss to rents has been specified in the declarations.
- b. If the described building or any part of the building, whether rented at the time or not, shall be rendered untenable by the perils covered against, the **Mutual Pool** shall be liable to the **Member** for an amount not exceeding the actual loss sustained based upon loss of rents of such untenable parts, not exceeding the limit of liability covering against loss of rents, not for more than one-twelfth of such limit when in the declarations for any one month, and proportionate part thereof for any period less than one month. In case any portion of the building is occupied and used by the **Member**, this **Coverage Agreement** shall extend to and cover the rental value of that portion in the same manner as if under lease to a tenant.
- c. Liability under this **Coverage Agreement** is extended to include actual loss as sustained during the period of time, not exceeding two weeks, when as a direct result of a peril covered against, access to the **Member's** locations are prohibited by order of civil authority.
- d. The **Mutual Pool** shall not be liable for any increase of loss, which may be occasioned by the suspension, lapse or cancellation of any lease, license or contract, nor for any increase or loss due to interference at the **Member's** locations by strikers or other persons with regard to restoration of the premises to a tenantable condition.

- e. For the purpose of this **Coverage Agreement**, the term “Rents” shall mean the determined rents and rental value, less the charges and expenses that do not necessarily continue after **Occurrence** of the peril.

7. **Debris Removal**

Debris removal is limited to 25% of the total **Property Damage** loss. This **Coverage Agreement** also covers, within the sum covered:

- a. Expenses incurred in removal from the premises of the **Member** of debris of the covered **Property** destroyed or damaged; and
- b. The cost of clean up at the premises made necessary as result of the loss or damage. It is a condition precedent to recovery under this extension that the **Mutual Pool** shall have paid or agreed to pay for physical loss or damage and that the **Member** shall give notice to the **Mutual Pool** of the intent to file a **Claim** for cost of removal of debris or cost of clean up NO LATER THAN 12 MONTHS AFTER THE DATE OF SUCH PHYSICAL LOSS OR DAMAGE.

8. **Unnamed Locations**

It is hereby understood and agreed that subject to the limits of coverage and all terms, conditions and exclusions of this **Agreement**, coverage is extended to real property that is not listed on the **Member's** stated value of Property Schedule, and not otherwise covered, for direct physical loss or damage.



## PART VI CRIME COVERAGE SECTION

### A. Money and Securities

#### 1. Property Covered:

**Money** and **Securities** inside the premises or outside the premises or in banking premises are covered under this **Agreement**.

#### 2. Perils Insured:

The perils insured include theft, disappearance, destruction, burglary, and robbery.

#### 3. Coverage Description:

This **Agreement** will indemnify **Members** for loss of and loss from:

- a. Damage to a safe, vault, cash register, cash box or cash drawer located inside the premises resulting directly from an actual or attempted theft of, or unlawful entry into a container of **Property** covered.
- b. **Money** and **Securities** outside the premises in the care and custody of a messenger.
- c. Loss of **Property** covered outside the premises in the care and custody of an armored vehicle company. However, the **Member** will be indemnified only for the amount of loss that the **Member** cannot recover under the **Member's** contract with the armored motor vehicle company and from any insurance or indemnity carried by or for the benefit of customers of the armored motor vehicle company.

#### 4. Exclusions:

- a. In addition to the General Exclusions of this **Coverage Agreement**, there is no coverage under the Crime Coverage for loss or damage due to:
- b. **Money** or **Securities** after they have been transferred or surrendered to a person or place outside the premises based upon unauthorized instructions or as a result of a threat to do bodily harm or damage to any **Property**. But this exclusion does not apply to loss of covered **Property** while outside the premises or in

banking premises or in the care and custody of a messenger if the **Member**:

- (i) Had no knowledge of any threat at the time the conveyance began; or
- (ii) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.
- (iii) Loss resulting from the giving or surrendering of **Property** in any exchange or purchase.
- (iv) Loss of **Property** in any **Money** operated device unless the amount of **Money** deposited in it is recorded by a continuous recording instrument in the device.

5. Additional Duties in the Event of Loss:

If a **Member** has reason to believe that any loss of or loss from damage to property involves a violation of law, the **Member** must notify the police.

6. Definitions that Apply to Money and **Securities**:

**Banking premises** means the interior of that portion of any building occupied by a banking institution or similar safe depository.

**Burglary** means the taking of **Property** from inside the premises by a person unlawfully entering or leaving the premises as evidenced by marks of forcible entry or exit.

**Messenger** means the **Member**, any of the **Member**'s directors, officers, elected or appointed officials, trustees, volunteers or any employee while having care and custody of the **Property** outside the premises.

**Robbery** means the taking of **Property** from the care and custody of a person by one who has caused or threatened to cause that person bodily harm or by one who has committed an obviously unlawful act witnessed by that person.

**Theft** means any act of stealing.

**B. Forgery or Alteration**

1. Coverage Description.

The **Mutual Pool** will indemnify the **Member** for loss involving Covered Instruments resulting directly from the perils insured. Covered Instruments means checks, drafts, promissory notes, or similar written promises, orders or directions to pay a certain sum in **Money** that are made or drawn by or drawn upon by the **Member** or made or drawn by one acting as the **Member's** agent or that are purported to have been so made or drawn.

2. Perils Covered.

Forgery or alteration of, on or in any covered instrument.

3. Coverage Description.

The **Mutual Pool** will indemnify **Members** under this section for loss due to the **Member's** good faith acceptance of any United States or Canadian post office, express company or national or state (or Canadian) chartered bank money order that is not paid upon presentation to the issuer. The **Mutual Pool** will also indemnify **Members** for counterfeit United States or Canadian paper currency received in exchange for merchandise, **Money** or services or as part of a normal business transaction.

4. Additional Conditions:

- a. Mechanically reproduced facsimile signatures will be treated the same as handwritten signatures.
- b. For the purposes of this coverage section, the word Instrument has the same meaning as covered **Property**.
- c. The **Member** must include with proof of loss any instrument involved in that loss or, if that is not possible, an affidavit setting forth the amount and cause of loss.

**C. Employee Dishonesty**

1. Coverage Description.

The **Mutual Pool** will indemnify **Members** for the loss of or damage to business personal property, including **Money** and **Securities** owned or held by the **Member** or for which the **Member** is liable.

2. Perils Covered.

Direct loss of or damage to **Property** covered resulting from dishonest acts committed by any of the **Member's** employees, acting alone or in collusion with others, that occur within the period of insurance.

3. Faithful Performance.

The **Mutual Pool** will indemnify the **Member** under this Section for loss to **Property** covered through the failure of an employee to faithfully perform duties as prescribed by law or to account properly for all **Property** covered. Coverage includes loss due to the inability of the employee to faithfully perform these duties because of a criminal act committed by someone other than an employee. However, loss resulting from the failure of any entity acting as depository for the **Member's Property** is excluded from coverage.

4. Definitions:

**Dishonest acts** means dishonest or fraudulent acts committed with the apparent intent to cause the **Member** to sustain loss or damage and to obtain financial benefit for the employee or for any other employee, person or organization. The financial benefit does not include salaries, commissions, bonuses, fees, profit sharing or other employee benefits.

5. Exclusions:

In addition to the General Exclusions of this **Coverage Agreement**, there is no coverage under the Crime Coverage for loss or damage due to:

- a. ~~Loss caused by any county official required to be individually bonded or insured under Utah Code Ann. §17-16-11 (1995);~~
- b. Damage where the only proof of the loss or amount of the loss is dependent upon an inventory or a profit and loss computation;
- c. Loss that is not discovered within one year after the end of the period of insurance;
- d. Legal expenses for any indirect loss.

## PART VII LIABILITY COVERAGE SECTION

### A. General Liability

#### 1. Coverage Agreements

- a. The **Mutual Pool** agrees to pay those sums that the **Insured** becomes legally obligated to pay as **Money Damages** because of **Bodily Injury, Property Damage, Personal Injury or Law Enforcement Personal Injury** to which this coverage applies. The **Bodily Injury, Personal Injury or Law Enforcement Personal Injury or Property Damage** must be caused by an **Occurrence**. This coverage includes but is not limited to **Host/Liquor Liability, Products Liability, Completed Operations, Incidental Malpractice** (see endorsement for **Limited Professional Health Care Services**) and **Law Enforcement Activities**.
- b. Notwithstanding the Agreements above, the **Mutual Pool** shall not be liable to pay on behalf of or indemnify the **Insured** for any sum which the **Insured** shall be obligated to pay if a judgment or final adjudication in any action brought against the **Insured** shall be based on a determination that acts of fraud or dishonesty were committed by the **Insured**.

#### 2. Definitions That Apply To General Liability

**"Completed Operations"** means **Bodily Injury or Property Damage** arising out of operations or reliance upon a representation or warranty made at anytime with respect thereto, but only if the **Bodily Injury or Property Damage** occurs after the operations have been completed or abandoned and occurs away from premises owned by or rented to the **Member**. Operations include materials, parts or equipment furnished in connection therewith.

- a. Operations shall be deemed completed at the earliest of the following times:
  - (i) When all operations to be performed by or on behalf of the **Member** under the contract have been completed, or
  - (ii) When all operations to be performed by or on behalf of the **Member** at the site of the operations have been completed, or

- (iii) When the portion of the work out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.
- b. Operations which may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete, shall be deemed completed.

**“Host/Liquor Liability”** means indemnification for the **Insured’s** liability for the sale or distribution of alcoholic beverage.

**“Incidental Malpractice”** means emergency medical services rendered or which should have been rendered to any person or persons (other than Employees of the **Member** injured during the course of their employment) by any duly qualified medical practitioner, nurse, technician or other employee employed by and acting on behalf of the **Member**. This coverage does not apply to persons rendering medical care pursuant to a contract with the **Named Member**.

**“Money Damages”** means all sums recoverable by law from any liability covered under this **Agreement** excluding punitive damages, but not including any sums awarded for plaintiff’s attorney fees under 42 U.S. Code, Section 1988 in any case in which monetary damages are not specifically sought or not awarded.

**“Products Liability”** means **Bodily Injury** or **Property Damage** arising out of the **Member’s** products or reliance upon a representation or warranty made at any time with respect thereto, but only if the **Bodily Injury** or **Property Damage** occurs away from premises owned by or rented to the **Member** and after physical possession of such products has been relinquished to others.

**“Suit”** means an action in which a complaint, requesting **Money Damages** to which this insurance applies, has been filed in court. **“Suit”** also includes an alternative dispute resolution proceeding alleging such damages to which the insured must submit or submits with both our consent, and our agreement to pay for defense.

### 3. **Exclusions Applicable To General Liability**

The **Mutual Pool** will provide a defense and indemnification, subject to a reservation of all exclusions and defenses, to any **Member’s** public official, employee or authorized volunteer who is alleged to have committed an act of sexual harassment. In no event shall indemnity be provided for any damages awarded against a **Member’s** public official, employee or authorized volunteer

where it is determined by the court that the claimant was willfully and intentional sexually and physically abused or molested.

In addition to the general exclusions of this **Coverage Agreement**, this section does not apply to:

- a. Any **Claim** for damages, whether direct or consequential, or for any cause of action which is covered under any other section of this **Agreement**.
- b. **Bodily Injury, Personal Injury, Law Enforcement Personal Injury or Property Damage** intended or expected from the standpoint of the **Insured**. This exclusion does not apply to **Bodily Injury, Personal Injury or Law Enforcement Personal Injury** resulting from the use of reasonable force to protect persons or property.
- c. The withdrawal, inspection, repair, replacement, or loss of use of the **Member's** products or work completed by or on behalf of the **Member** or of any **Property** of which such products or work form a part, if such products, work or **Property** are withdrawn from the market, or from use, because of any known or suspected defect or deficiency therein.
- d. Any liability arising out of the operation of any aircraft, airport or any other aviation activities.
- e. Any obligation for which the **Member** may be held liable under any workers' compensation, unemployment compensation, disability benefits law, employers liability or under any similar law or to bodily injuries to any employee or to any liability for indemnity or contribution brought by any party for bodily injuries to any employee.
- f. **Bodily Injury, Property Damage, Personal Injury, Law Enforcement Personal Injury** or any other damages whatsoever caused by the maintenance, operation or use of an **Automobile**.
- g. Any investigatory, disciplinary or criminal proceedings against an individual **Insured** except that the **Mutual Pool** may at its own option assign counsel in the defense of any such investigatory, administrative or disciplinary proceeding. Should the **Mutual Pool** elect to assign counsel that shall not constitute a waiver or estoppel of any rights the **Mutual Pool** may have pursuant to the terms, conditions, exclusions, and limitations of this **Agreement**.

- h. Any **Claim** arising out of a dishonest, fraudulent or criminal act. The **Mutual Pool** may elect to defend an **Insured** until it is determined that the **Claim** did arise out of a dishonest, fraudulent or criminal act without a waiver of any rights under this **Agreement**.
- i. Any **Claim** seeking relief or redress, in any form other than **Money Damages**, and for fees or expenses relating to **Claims**, demands or actions seeking relief in any form other than **Money Damages**. This exclusion includes but is not limited to all costs incurred to comply with injunctive relief ordered under the Americans with Disabilities Act but shall not apply to **Claims** for monetary damages under the Americans with Disabilities Act.  
  
~~To any **Claim** for back pay, overtime pay or other incidents of compensation or benefits due to a **Member's** employees.~~
- j. To any **Claim** arising out of a breach of contract.
- k. To medical or hospital expenses or costs incurred by the **Insured** in providing or furnishing medical aid or treatment to an inmate or detainee at a jail or correctional facility as a result of the **Insured's** statutory or constitutional obligation to furnish medical or hospital care to an inmate or detainee within its physical custody; this exclusion does not apply to **Claims** brought by an inmate alleging the **Insured**, through the acts or omissions of its representatives or employees, caused injury to an inmate or violated his constitutional or civil rights by not providing medical care or treatment.
- l. Employment Related Practices.  
  
~~Any liability arising out of the operation of the principles of eminent domain, condemnation proceedings or **Claims**, inverse condemnation claims, or regulatory taking by whatever name called, whether that liability accrues directly against the **Insured** or by virtue of any agreement entered into, by or on behalf of the **Member**. **Claims** alleging civil rights or statutory violations arising out of any of the listed principals, **Claims** or proceedings are also excluded.~~
- m. Any **Claim** made against an **Insured** in his or her personal capacity.

4. **Specific Conditions Liability Section**



a. **Defense, Judgment and Settlement**

- (i) The **Mutual Pool** has the right and duty to defend any **Suit** against the **Insured** claiming **Money Damages** for which coverage is afforded under this **Agreement** for an **Occurrence** during the **Agreement** period, even if any of the allegations of the suit are groundless, false, or fraudulent, and may make such investigation and settlement of any **Claim** or suit as it deems expedient. No defense will be provided for **Claims** made against an **Insured** in his or her personal capacity. The **Mutual Pool** has the right to select counsel; however, an **Insured** may hire co-defense counsel, at **Insured's** expense, to assist in the defense of **Claims**, provided the attorney selected by the **Mutual Pool** shall be lead counsel. The **Mutual Pool's** duty to defend shall arise when the complaint or **Claim** alleges facts, which would obligate the **Mutual Pool** to indemnify the insured if the alleged facts were proven. The **Mutual Pool** will only be responsible for payment of that portion of a settlement or judgment, which relates to **Claims** for which coverage is afforded under the terms of this **Agreement**. Provided, however, the **Mutual Pool** shall not be obligated to pay any settlement or judgment or to defend any suit after the applicable limits of liability have been exhausted.
- (ii) The limits of liability set forth in the General and Auto Liability Sections shall include all costs, attorney's fees and expenses awarded to an adverse party in a litigated or contested **Claim**. All costs, attorney's fees and expenses incurred in the defense of a litigated or contested **Claim**, shall be excess of the limits of liability set forth.
- (iii) In the event of bankruptcy or insolvency of the **Member**, such bankruptcy or insolvency may not diminish the coverage provided by this section regarding third parties. If execution against the **Insured** is returned unsatisfied, an action may be maintained against the **Mutual Pool** to the extent that the liability is covered by this section.

5. **Limit of Liability**

- a. The **Mutual Pool's** liability for damages as the result of any one **Occurrence** is limited as described in the Limits of Coverage of this **Agreement** less the amount of the **Insured's** deductible.

- b. For the purpose of determining the limit of liability, all damages arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **Occurrence**.

**B. Public Officials Errors and Omissions Liability**

**1. Coverage Agreements**

- a. The **Mutual Pool** agrees, subject to the limitations, terms and conditions of this **Agreement**, to defend any **Suit** and pay on behalf of the **Insured** all **Money Damages** incurred by the **Insured** by reason of any **Wrongful Act** arising out of any **Claim** first made during the period of this **Coverage Agreement**, or any applicable extended reporting period.
- b. The **Mutual Pool** will pay on behalf of the **Insured**, **Money Damages** and expenses incurred by the **Mutual Pool**, the cost of attachment or similar bonds (but without any obligation on the part of the **Mutual Pool** to apply for or furnish such bonds), and costs, charges and expenses incurred in connection with any governmental investigation provided that a **Claim** is brought against the **Insured** for a **Wrongful Act** that is or was a subject of a governmental investigation, and that **Claim** is otherwise covered by this **Agreement**.

**2. Exclusions Applicable To Errors & Omissions Liability**

In addition to the general exclusions of this **Coverage Agreement**, this section shall not apply to any **Claim** made against the **Insured**:

- a. Based upon or attributable to them gaining in fact any personal profit or advantage to which they were not legally entitled including remuneration paid in violation of law as determined by the courts.
- b. Brought about or contributed to by fraud, dishonesty or criminal act of any **Insured**.
- c. Based upon or attributable to the rendering or failure to render any opinion, treatment, consultation or service if that opinion, treatment, consultation or service was rendered or failed to have been rendered while the **Insured** was engaged in any activity for which they received compensation from any source other than as a public entity or an employee of a public entity.

- d. Arising out of estimates of probable costs or cost estimates being exceeded or for faulty preparation of bid specifications or plans or to injury to, destruction or disappearance of any tangible Property (including Money) or the loss of use thereof.
- e. Arising out of the failure to supply a specific amount of electrical power or fuel arising out of the interruption of the electrical power or fuel supply.
- f. For which the **Insured** is entitled to indemnity and/or payment by reason of having given notice of any circumstances which might give rise to a **Claim** under any agreement or agreements the term of which has commenced prior to the inception date of this **Agreement**.
- g. Arising out of or in any way involving any employee benefit plan of the **Member**.
- h. For any **Claim** covered under the General Liability section.
- ~~i. For any liability arising out of or in any way connected with the operations of the principles of eminent domain, condemnation proceedings or **Claims**, inverse condemnation, inverse condemnation proceedings or regulatory taking, by whatever name called, whether such liability accrues directly against the **Insured** or by virtue of any agreement entered into by or on behalf of the **Member**. **Claims** alleging civil rights violations arising out of any of the above listed principals, **Claims** or proceedings, are also excluded.~~
  - ~~(i) However, a defense will be provided, up to a maximum of \$25,000 for **Suits** alleging inverse condemnation, but only for claims arising out of or in any way connected with the operations of the principles of eminent domain, condemnation proceedings or regulatory takings, by whatever name called. Such defense limits shall be eroded by the costs of defending other claims, whether covered or not covered under this Agreement, included in the same **Suit** or arising from the same **Occurrence**.~~
  - ~~(ii) Liability coverage under this Agreement is provided for monetary damages arising from a decision by the **Member** or its officers or Employees to issue or not issue certificates of occupancy, business licenses, alcoholic beverage~~

~~licenses, or licenses the Member is authorized by law to issue.~~

- j. Any liability arising out of the operation of any aircraft, airport or any other aviation activities.
- k. Seeking relief or redress in any other form other than **Money Damages**, and for fees or expenses relating to **Claims**, demands or actions seeking relief in any form other than **Money Damages**. This exclusion includes but is not limited to all costs incurred to comply with injunctive relief ordered under the Americans with Disabilities Act but shall not apply to **Claims** for **Money Damages** under the American with Disabilities Act.
- l. Arising out of a breach of contract other than an implied-in-fact employment contract.
- m. Any **Claim** resulting from an **Occurrence**, which commences prior to the **Retroactive Date**, set in the General Coverage Declarations.
- n. To any **Claim** for back pay, overtime pay or other incidents of compensation or benefits due to a **Member's** employees.

## C. Employee Benefits Liability

### 1. Coverage Agreements

In consideration of the **Insured** contribution charged and subject to the terms, exclusions and definitions of this **Agreement**, the **Mutual Pool** agrees to pay on behalf of the **Insured** all sums which the **Insured** shall become legally obligated to pay as a result of **Money Damages** sustained by an employee, prospective employee, former employee or the beneficiaries or legal representatives thereof in the administration of the **Member's** employee benefit programs as defined in this section and caused by any negligent act, error or omission by the **Insured** or any other person for whose acts the **Member** is legally liable, occurring during the coverage period and then only if **Claim** is made or **Suit** is brought during the coverage period or as defined under General Coverage Conditions.

### 2. Definitions

**"Employee Benefit Programs"** means group life insurance, group health insurance, profit sharing plans, pension plans, employee stock subscription plans, workers compensation, unemployment insurance, social security, disability benefits insurance and travel, savings or vacation plans.

The unqualified word “**Administration**” wherever used means:

- a. Giving counsel to employees with respect to the employee benefits program;
- b. Interpreting the employee benefit programs;
- c. Handling records in connection with the employee benefits program; or
- d. Effecting the enrollment, termination or cancellation of employees under the employee benefits programs; provided all such acts are authorized by the **Member**.

3. **Exclusions Applicable To Errors & Omissions And Employee Benefits Liability**

In addition to the general exclusions of this **Coverage Agreement**, Employee Benefits Liability does not apply to:

- a. Any dishonest, fraudulent, criminal or malicious act, libel, slander, discrimination or humiliation.
- b. **Bodily Injury** to, or sickness, disease, or death, of any person, or to injury to or destruction of any tangible property including the loss of use thereof.
- c. Any **Claim** for failure of performance of contract by any insurer, including failure of any employee benefit program.
- d. Any **Claim** based upon the **Insured's** failure to comply with any law concerning workers' compensation, unemployment insurance, social security or disability benefits.
- e. Any **Claim** based upon:
  - (i) Failure of stock to perform as represented by any **Insured**;
  - (ii) Advice given by an **Insured** to an employee to participate or not to participate in stock subscription plans;
  - (iii) The investment or non-investment of funds.
- f. In the event of bankruptcy or insolvency of the **Member**, such bankruptcy or insolvency may not diminish the coverage provided by this section regarding third parties. If execution against the **Insured** is returned unsatisfied, an action may be maintained

against the **Mutual Pool** to the extent that the liability is covered  
by this section.

## PART VIII AUTOMOBILE LIABILITY SECTION

### A. Coverage Agreements

The **Mutual Pool** agrees to pay for those sums, which the **Insured** becomes legally obligated to pay as damages because of **Bodily Injury** or **Property Damage** arising out of the ownership, maintenance or use of any **Member** owned **Automobile**, or **Hired Auto**, subject to the limitations, terms and conditions of this **Coverage Agreement**. The **Claim** or lawsuit must be the result of an **Accident** and be brought solely by reason of bodily injury (including death resulting at any time from the **Accident**) or damage or destruction of property or its loss of use arising out of the ownership, maintenance or use of an **Automobile**. Expenses are covered in addition to the limit of liability.

### B. Definitions That Apply To Auto Liability

“Hired Auto” means those Autos that a Member leases, hires, rents, or borrows. This does not include any Auto leased, hired, rented or borrowed for from a Member’s employees, or members of their households.

“Insured” means a Member. “Insured” also includes the following:

1. Under Part VIII A. Automobile Liability Section (which describes Automobile liability coverage), any person while using an Automobile owned by the Member or a Hired Automobile, and any person or organization legally responsible for the use thereof, provided the actual use of the Automobile is by any official, trustee, director, officer or employee of the Member or the Insured or with his permission and any official of the Member with respect to the use of Non-Owned Automobiles in the business of the Member. This coverage, with respect to any person or organization other than the Member, does not apply:
  - a. To any person or organization or to any of their agents or employees operating an Automobile sales agency, repair shop, service station, storage garage or public parking place, with respect to any Accident arising out of those operations;
  - b. To any employee of a person or organization other than the Member with respect to injury or sickness, disease or death during the course of employment in an Accident arising out of the maintenance or use of the Automobile in the business of the outside employer;

- c. With respect to any **Hired Auto**, to the owner or lessee, other than the **Member**, nor to any agent or employee, or that owner or lessee.

**“Non-Owned Automobiles”** means only those **Automobiles** a **Member** does not own, lease, hire, rent or borrow that are used in connection with the **Member’s** employees or members of their households but only while used in the **Member’s** business.

### C. Exclusions That Apply To Auto Liability

In addition to the general exclusions of this **Coverage Agreement**, this **Agreement** does not cover:

1. Any **Claim** for damages or for any cause of action, which is covered under any other section of this **Agreement**.
2. Uninsured and/or Underinsured Motorists Liability.
3. ~~Any obligation for which the **Member** may be held liable under any workers’ compensation, unemployment compensation, disability benefits law, employer’s liability or under any similar law or for bodily injuries to any employee or for any liability for indemnity or contribution brought by any party for bodily injuries to any employee.~~
4. ~~Any **Claim** arising out of any dishonest, fraudulent or criminal act. The **Mutual** may elect to defend an **Insured** until it is determined that the **Claim** did arise out of a dishonest, fraudulent or criminal act without a waiver of any rights under this **Agreement**.~~
5. ~~Any **Claim** seeking relief or redress, in any form other than **Money Damages** and fees or expenses related to **Claims**, demands or actions seeking relief in any form other than **Money Damages** are excluded, except as added by separate endorsement.~~
6. ~~**Bodily Injury** or **Property Damage** expected or intended from the standpoint of the **Insured**.~~



**C. Specific Conditions — Auto Liability**

1. In the event that liability is incurred by reason of **Bodily Injury** suffered by any employee of a **Member** which does not arise out of the injured employee's employment and for which another **Member** is liable, then this **Agreement** shall indemnify the **Member** for that liability in the same manner as if separate agreements had been issued to each **Member**.
2. In the event that liability is incurred by reason of **Property Damage** to property belonging to any **Member** for which another **Member** is liable, then this **Agreement** shall indemnify the **Member** in the same manner as if separate agreements had been issued to each **Member**.

Nothing contained in this condition shall operate to increase the ~~Mutual~~ Pool's limits of liability.

## **Utah Association of Counties Insurance Mutual Pool**

### **Endorsements**

#### **Endorsement No. 1**

##### **Named Members**

This endorsement attaches to and forms part of Policy No. UACIMP-034.100

The effective date of this endorsement is January 1, 20034.

It is understood and agreed that the **Mutual Pool** is comprised of the following participating **Members**:

Beaver County  
Box Elder County  
Cache County  
Carbon County  
Daggett County  
Davis County  
Duchesne County  
Emery County  
Garfield County  
Grand County  
Iron County  
Juab County  
Kane County  
Millard County  
Morgan County  
Piute County  
Rich County  
San Juan County  
Sanpete County  
Sevier County  
Tooele County  
Uintah County  
Utah County  
Wasatch County  
Washington County  
Wayne County  
Weber County

Subject otherwise to all terms, clauses and conditions of this policy.

## **~~Utah Association of Counties~~** **~~Insurance Mutual~~**

### **~~Endorsements~~**

#### **~~Endorsement No. 2~~**

##### **Named Member**

~~This endorsement attaches to and forms part of Policy No. UACIM 03.100~~

~~The effective date of this endorsement is January 1, 2003.~~

~~It is understood and agreed that the following named county is a participating Member for all coverages, excluding Part V—Property Coverage Section, of this Agreement until June 1, 2003, at which time the following named county shall become a participating Member:~~

~~Morgan County~~

~~Subject otherwise to all terms, clauses and conditions of this policy.~~

## **Utah Association of Counties Insurance Mutual Pool**

### **Endorsements**

#### Endorsement No. 32

##### Utah Governmental Immunity Act

This endorsement attaches to and forms part of Policy No. UACIMP-034.100

The effective date of this endorsement is January 1, 20034.

It is hereby understood and agreed that coverage will apply to claims and actions for which immunity is not available under, or is waived by the **INSURED** or by a **Member**, the Utah Governmental Immunity Act, Utah Code Ann. §63-30-1 et. seq. (1997 & Supp.1998), as amended from time to time, and to defense and supplementary payments only as defined in this **Agreement**, for such claims and actions. Notwithstanding, any such waiver of the Utah Governmental Immunity Act, as amended from time to time, must be approved by the **Mutual Pool** and the **Member** for coverage to attach in excess of the applicable immunity limits.

All other terms and conditions remain unchanged.

## **Utah Association of Counties** **Insurance Mutual**

### **Endorsements**

#### **Endorsement No. 4**

#### **Personal Injury Protection**

~~This endorsement attaches to and forms part of Section III—Auto Liability, Policy No. UACIM 03.100.~~

~~The effective date of this endorsement is January 1, 2003.~~

~~This endorsement provides personal injury protection coverage required by Utah Code Ann. §31A-22-307 (1994), applicable to the operation and use of Member-owned Automobiles and Hired Autos.~~

#### **SCHEDULE**

<u>Benefits</u>	<u>Limits</u>
Medical	\$3,000 per person
Loss of Income	The lesser of \$250 per week or 85% of any loss of gross income; and a special damage allowance not exceeding \$20 per day, for services actually rendered or expenses reasonably incurred for services that, but for the injury, the injured person would have performed for his household
Funeral Expense	\$1,500 per person
Survivor Loss	\$3,000 per person

~~This endorsement provides only those personal injury protection coverages required by Utah Code Ann. §31A-22-307 (Sup. 2001) and related sections of chapter 22. The definitions of chapter 22 and restrictions permitted by that chapter for personal injury protection, together with all other terms, conditions and exclusions of the policy apply.~~

## **Utah Association of Counties** **Insurance Mutual**

### **Endorsements**

#### **Endorsement No. 5**

#### **Uninsured Motorist Coverage**

~~This endorsement attaches to and forms part of Section III—Auto Liability, Policy No. UACIM-03.100.~~

~~The effective date of this endorsement is January 1, 2003.~~

~~This endorsement provides uninsured motorist coverage required by Utah Code Ann. §31A-22-304 and §31A-22-305 (1994 & Supp. 1998), applicable to the operation and use of **Member** owned automobiles and **Hired Autos**.~~

#### **SCHEDULE**

<u>Benefits</u>	<u>Limits</u>
Bodily Injury	\$25,000 per person
	\$50,000 per accident

~~This endorsement provides only those uninsured motorist coverages required by Utah Code Ann. §31A-22-304 and §31-22-305 (1999 & Supp. 2001), and related sections of chapter 22. The definitions of chapter 22 and restrictions permitted by that chapter for uninsured motorist coverage, together with all other terms, conditions and exclusions of the policy apply.~~

**~~Utah Association of Counties~~**  
**~~Insurance Mutual~~**

**~~Endorsements~~**

**~~Endorsement No. 6~~**

**Underinsured Motorist Coverage**

~~This endorsement attaches to and forms part of Section III—Auto Liability, Policy No. UACIM 03.100.~~

~~The effective date of this endorsement is January 1, 2003.~~

~~This endorsement provides the underinsured motorist coverage required by Utah Code Ann. §31A-22-305 (Supp. 1998), applicable to the operation and use of Member-owned automobiles and **Hired Autos**.~~

**SCHEDULE**

<u>Benefits</u>	<u>Limits</u>
Bodily Injury	\$10,000 per person
	\$20,000 per accident

~~This endorsement provides only those underinsured motorist coverages required by Utah Code Ann. §31-22-305 (Supp. 2001) and related sections of chapter 22. The definitions of chapter 22 and restrictions permitted by that chapter for underinsured motorist coverage, together with all other terms, conditions and exclusions of the policy apply.~~

## **Utah Association of Counties Insurance Mutual Pool**

### **Endorsements**

#### Endorsement No. 73

#### Exclusion of War, Military Action and Terrorism

The following is added under Part III, EXCLUSIONS, of the Property Coverage:

- A. The Standard War and Military Action Clause(s) is replaced by the following Exclusion. With respect to any form, endorsement or coverage to which the War and Military Action Exclusion does not apply, that Exclusion is hereby added as follows:

1. War and Military Action

We will not pay loss and damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- a. War, including undeclared or civil war; or
- b. Warlike action by a military force, including action hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

With respect to any action that comes within the terms of this exclusion and involves nuclear reaction or radiation, or radioactive contamination, this War and Military Exclusion supercedes the Nuclear Hazard Exclusion.

The following Exclusion is added:

2. Terrorism

We will not pay for loss or damage caused directly or indirectly by terrorism, including action in hindering or defending against an actual or expected incident



of terrorism. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Terrorism means activities against persons, organizations or property of any nature:

- a. That involve the following or preparation for the following:
  - (i) Use or threat of force or violence;
  - (ii) Commission or threat of a dangerous act; or
  - (iii) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
- b. When one or both of the following applies:
  - (i) The effect is to intimidate or coerce a government, or to cause chaos among the civilization population or any segment thereof, or to disrupt any segment of the economy; or
  - (ii) It is reasonable to believe that the intent is to intimidate or coerce a government, or to seek revenge or retaliate, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

But with respect to any such activity that also comes within the terms of the War and Military Action Exclusion, that exclusion supercedes this Terrorism Exclusion.

In the event of an act of terrorism that involves nuclear reaction or radiation, or radioactive contamination, this Terrorism Exclusion supercedes the Nuclear Hazard Exclusion.

## Utah Association of Counties Insurance Mutual Pool

### Endorsements

#### Endorsement No. 84

##### Limited Professional Health Care Services

This endorsement attaches to and forms part of Section Two – Liability, Policy No. UACIMP-034.100, Part B – Public Officials Errors & Omissions Liability.

The effective date of this endorsement is January 1, 20034.

Notwithstanding Exclusion C. of Part III – General Coverage Exclusions, it is understood and agreed that:

A. Limited Professional Health Care Services is added to Part VII – Liability, Policy No. UACIMP-034.100, Part B – Public Officials Errors & Omissions Liability, but only as respects coverage for the **Named Member** and any duly qualified Psychologist, Physician Assistant, Registered Nurse Practitioner, Registered Nurse, Licensed Practical Nurse, Emergency Medical Technicians, Paramedics, Counselors, Social Workers, Nutritionists and related health and community worker classifications or other employees trained in first aid.

B. The following definition is added to Part VII – Liability Coverage Section, A.2 – Definitions:

**“Limited Professional Health Care Services”** means **Bodily Injury** or Personal Injury arising out of the rendering or failure to render medical services by any duly qualified Psychologist, Physician Assistant, Registered Nurse Practitioner, Registered Nurse, Licensed Practical Nurse, Emergency Medical Technicians, Paramedics, Counselors, Social Workers, Nutritionists and related health and community worker classifications or other employees trained in first aid.

However, Limited Professional Health Care Services does not include service provided by:

1. a hospital or emergency room facility;
2. a physician, medical doctor, osteopath, chiropractor, resident, extern, or intern;
3. a psychiatrist;
4. a pharmacist;
5. a dentist, orthodontist, or periodontist; and

6. any other licensed health care professional other than any duly qualified Psychologist, Physician Assistant, Registered Nurse Practitioner, Registered Nurse, Licensed Practical Nurse, Emergency Medical Technicians, Paramedics, Counselors, Social Workers, Nutritionists and related health and community worker classifications or other employees trained in first aid.

## **Utah Association of Counties Insurance Mutual Pool**

### **Endorsements**

#### Endorsement No. 95

##### Health Districts

This endorsement attaches to and forms part of Policy No. UACIMP-034.100.

The effective date of this endorsement is ~~July 1, 2003~~ January 1, 2004.

It is understood and agreed that the **Mutual Pool** provides coverage for the following Health Districts.

For the purposes of this endorsement and extending coverage to Health Districts, the definition of **Insured**, on page 17 of this **Agreement**, is expanded to include the Health Districts named below:

Bear River Health Department  
Central Utah Public Health Department  
Southeastern Utah District Health Department  
Southwest Utah Public Health Department  
Tooele County Health Department  
TriCounty Health Department  
~~Utah County Health Department~~  
Wasatch County Health Department  
Weber-Morgan Health Department

Subject otherwise to all terms, clauses and conditions of this policy.

## Utah Association of Counties Insurance Mutual Pool

### Endorsements

#### Endorsement No. 406

#### Errors & Omissions Retroactive Dates

This endorsement attaches to and forms part of Policy No. UACIMP-034.100.

The effective date of this endorsement is January 1, 20034.

It is understood and agreed that the Mutual Pool provides Errors & Omissions coverage for the Insured on the following retroactive dates:

Beaver County	January 1, 1992	San Juan County	January 1, 1992
Box Elder County	January 1, 1992	Sanpete County	January 1, 1992
Cache County	January 1, 1992	Sevier County	January 1, 1992
Carbon County	January 1, 1998	<u>Tooele County</u>	<u>January 1, 2004</u>
Daggett County	January 1, 2000	Uintah County	January 1, 1992
Davis County	January 1, 1992	Utah County	January 1, 1992
Duchesne County	January 1, 1992	Wasatch County	January 1, 1992
Emery County	January 1, 1992	Washington County	January 1, 1992
Garfield County	January 1, 1992	Wayne County	January 1, 1992
Grand County	January 1, 1992	Weber County	January 1, 1998
Iron County	January 1, 1992	Bear River Health Department	July 1, 2003
Juab County	January 1, 1993	Central Utah Public Health Department	July 1, 2003
Kane County	January 1, 1992	Southeastern Utah District Health Department	July 1, 2003
Millard County	January 1, 1993	Southwest Utah Public Health Department	July 1, 2003
Morgan County	January 1, 2003	Tooele County Health Department	July 1, 2003
Piute County	January 1, 1992	TriCounty Health Department	July 1, 2003
Rich County	January 1, 1992	Utah County Health Department	July 1, 2003
		Wasatch County Health Department	July 1, 2003
		Weber-Morgan Health Department	July 1, 2003

Subject otherwise to all terms, clauses and conditions of this policy.

## **Utah Counties Insurance Pool**

### **Endorsements**

#### **Endorsement No. 7**

#### **Search and Rescue Operations**

This endorsement attaches to and forms part of Policy No. Form No. UACIMP-034.100

The effective date of this endorsement is January 1, 2004.

This endorsement replaces Exclusion R of Part III, General Exclusions.

This endorsement provides coverage for Bodily Injury, Personal Injury, and/or Property Damage to the below named Member's Search and Rescue Operations.

#### **SCHEDULE**

County: \_\_\_\_\_

Approved to Carry Weapons as directed by the Sheriff    YES    NO

## Utah Counties Insurance Pool

### Endorsements

#### Endorsement No. 8

##### Limited Coverage for Land Use Matters

This endorsement attaches to and forms part of Policy No. Form No. UACIMP-034.100

The effective date of this endorsement is January 1, 2004.

It is hereby agreed and understood this **Agreement** does not provide coverage for any liability arising out of the principles of eminent domain, condemnation proceedings or claims, inverse condemnation or claims, and regulatory taking by whatever name called, land use actions, zoning, rezoning or failure to zone, whether that liability accrues directly against the **Insured** or by virtue of any agreement entered into, by or on behalf of the **Member**. Claims alleging civil rights violations arising out of any of the listed proceedings are also excluded.

However a defense will be provided, up to a maximum of \$25,000 annual aggregate per **Member** for claims in inverse condemnation. The sub-limited amount applies to defense costs of the **Member** only and cannot be applied to pay a settlement, plaintiff's costs or legal fees. Claims for injunctive relief and Boards of Adjustment appeals to District Court are not eligible for defense costs.

Subject otherwise to all terms, clauses and conditions of this Agreement.

## **~~APPENDIX~~**

~~Utah Code Sections applicable to Endorsements 4, 5 and 6.~~



**RESOLUTION FOR THE ESTABLISHMENT OF A HEALTH REIMBURSEMENT  
ARRANGEMENT**

WHEREAS, the Utah Counties Insurance Pool desires to arrange for payment, directly or indirectly, of expenses for medical care as defined for Federal income tax deduction purposes, to the extent not compensated by insurance or otherwise, to each full-time employee, the employee's spouse, and each dependent child as defined for Federal income tax purposes, up to a maximum of \$200 per annum per full-time employee, the employee's spouse, and each dependent child during employee's employment by the Utah Counties Insurance Pool;

AND WHEREAS, notice of this Plan shall be reasonably available to all full-time employees;

AND WHEREAS, this Plan is established in order that payments by the Utah Counties Insurance Pool and the receipts by the full-time employee shall be within purview of Section 105 of the Internal Revenue Code of 1986 and the United States Treasury Regulations thereunder;

AND WHEREAS, any unused funds for any employee at the end of the year are carried forward to increase the maximum reimbursement amount for that employee in the following year;

THEREFORE, BE IT RESOLVED, THE DESCRIBED PLAN SHALL:

1. Be, and hereby is, adopted on behalf of the Board of Trustees of the Utah Counties Insurance Pool;
2. Become effective and retroactive as of January 1, 2003;
3. Continue in effect until terminated by like resolution.

THEREFORE, BE IT FURTHER RESOLVED THAT the President of the Utah Counties Insurance Pool shall be authorized to execute this Resolution by all necessary and proper means.

APPROVED AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

BOARD OF TRUSTEES  
UTAH COUNTIES INSURANCE POOL

By: \_\_\_\_\_  
Dan R. McConkie, President





Serving Ministers, Churches and  
Religious Organizations Since 1980

350 East 7th Street, Suite 2  
Loveland, CO 80537-4878  
Phone: (970) 667-5819  
Fax: (970) 663-4950  
[www.ClergySupport.com](http://www.ClergySupport.com)

E-mail: [Clergy@ClergySupport.com](mailto:Clergy@ClergySupport.com)

## **Health Reimbursement Arrangement**

Some important notes to keep in mind

1. A Health Reimbursement Arrangement (HRA) is established under Section 105 of the Internal Revenue Code. As such, it is not the same as the better known Section 125 "Cafeteria Plans." IRS guidance on HRA's is provided in Revenue Ruling 2002-41.
2. Unlike "Cafeteria Plans," the HRA cannot allow for funding through salary reduction. Funding must be made by the employer, separate from and in addition to salary. This may be accomplished when negotiating a new pay package for the new year and adding a line item for the HRA.
3. HRAs may only reimburse employees for substantiated medical expenses incurred by the employee, the employee's spouse and dependents.
4. Recently, the IRS announced that over-the-counter (OTC) drugs are now eligible for reimbursement through the FSA. To be eligible for reimbursement the OTC drug must be for "medical care", which means the drug or service is needed to treat a medical condition. Therefore, OTC drugs purchased for personal/cosmetic reasons (e.g., Retin-A for anti-aging treatment) or simply for good health (e.g., vitamins and nutritional supplements) do not qualify as eligible expenses. Covered medicines include items such as allergy medicines, cough/cold medicines, and pain relievers. (*Revenue Ruling 2003-102*)
5. Employer's reimbursement of medical insurance for the employee, the employee's spouse or dependents are allowable.
6. Eligible individuals include current, former or retired employees, their spouses/dependents and spouses/dependents of deceased employees. Ministers who report their income as self-employed (Form 1099-MISC) are probably eligible. An HRA may provide a provision to reimburse medical care expenses after retirement or termination, but is not required to do so.
7. Reimbursements of medical expenses pursuant to the HRA are not taxable income.
8. To implement such a plan requires only a) the adoption of the sample resolution and b) funding provided by the employer. Thereafter the employer may reimburse allowable expenses whenever documentation of expenses incurred is submitted or pursuant to a monthly expense allowance (much the way most churches reimburse auto mileage and other ministry expenses).

9. An HRA may not reimburse a medical expense that is incurred prior to the effective start date of the HRA plan nor reimburse a medical expense prior to the date an employee first becomes enrolled in the HRA.
10. An HRA must not discriminate in favor of highly compensated employees. The Plan may exclude part-time or seasonal workers, workers under age 25, and/or those who have not completed 3 years of service, as long as it does so uniformly. For example, any full-time employee who has been on the job for 2 years may be paid a tax-free medical reimbursement as long as all full-time employees who have been with that employer for 2 years are given the same benefit. Plans may discriminate in favor of low-paid workers. "Highly compensated employees" generally include one of the five highest paid officers, or, those employees among the highest paid 25% of all employees. (Employees excluded from this calculation are part-time or seasonal workers, workers under age 25, and/or those who have not completed 3 years of service and are excluded from the HRA plan.)
11. If the above non-discrimination rules cannot be met with an HRA, consider setting up a Section 125 "Cafeteria" plan also known as a Flexible Spending Account (FSA). FSA plans are very flexible, provide numerous tax-free fringe benefit opportunities and do not have the non-discrimination rules associated with an HRA. First-year tax savings for the employer and employee generally far exceed the set-up costs of Section 125 plans set up through our office.
12. Our office can help you set up either an HRA or Section 125 "Cafeteria" plan. Call our office to schedule a telephone consultation appointment.

*Compliments of*

**Clergy Financial Services, Inc.**

350 East 7<sup>th</sup> Street, Suite 2, Loveland, CO 80537-4878

Fax (970) 663-4950 E-mail: [Clergy@ClergySupport.com](mailto:Clergy@ClergySupport.com) Phone (970) 667-5819

[www.ClergySupport.com](http://www.ClergySupport.com)

11/03

## Benefit Comparison

	HSA	FSA	HRA	MSA
Small Employers	Yes	Yes	Yes	50 or fewer employees
Large Employers	Yes	Yes	Yes	No
C-Corp Owners	Yes	Yes	Yes	Yes
Self Employed	Yes	No	No	Yes
Plan Document	No	Yes	Yes	No
SPD	Yes	Yes	Yes	Yes
Special Health Insurance Policy Required	Yes	No	No	Yes
Employer Contributions	Optional	Optional	Required	Optional
Employee Contributions	Optional	Optional	No	Optional
Employee Tax Savings	Contributions are tax-free	Contributions are tax-free	Claim reimbursements are tax-free	Contributions deductible on IRS Form 1040
Employer Tax Savings	Business expense - 7.65% of employee contribution	Business expense - plus 7.65% of employee contribution	Business expense deduction for payments	Business expense deduction for contributions
Account Prefunded by Employer	No	Yes	No	No
Roll Unused Dollars to Next Year	Yes	No	Yes	Yes
Reimburse IRC Section 213 (d) medical expenses not covered by any other plan	Yes	Yes	Yes	Yes
Claims Substantiation	Yes, upon audit	Yes	Yes	Yes, upon audit
Debit Card	Yes	Yes	Yes	Yes
Insurance Premiums paid from account	Yes*	No	Yes	Yes*
Long-Term Care Premiums paid from account	Yes	No	Yes	Yes
Banking	IRA type account	Employer assets	Employer assets	IRA type account
Convert Account to Taxable Income	Yes*	No	No	Yes*
Annual IRS-DOL Form 5500 (no tax due)	No	Yes**	Yes**	No
COBRA applies	No	Yes*	Yes	No
HIPAA certification rules apply	No	Generally, no*	Yes	No
HIPAA privacy and security rules apply	Yes, if claims adjudicated	Yes	Yes	No
Account Retained by			No, but terminated	

Employee upon termination  
of employment

Yes

No

employees may be  
covered by plan

Yes

\* Special rules apply.

\*\* Generally, if over 100 participants, Welfare Benefit rules apply.

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WORKERS COMPENSATION  
BUDGET

2004

**REVENUE**

Premiums Written	940,738
Investment Income	20,000
<b>TOTAL REVENUE</b>	<b>960,738</b>

**LOSSES AND LOSS EXPENSES**

Losses	548,038
Reinsurance	375,500
Third Party Administrator	120,000
<b>TOTAL LOSS EXPENSES</b>	<b>923,538</b>

**ADMINISTRATION EXPENSES**

Accounting	8,000
Actuarial Analysis	4,000
Automobile Expense	
Automobile Reserve	
Bank Charges	200
Brokerage Fees	25,000
Board Expense	
Building: Maintenance	
Building: Repairs & Replacement	
Building: Reserve	
Copying Costs	
Dues / Subscriptions	
Exhibiting & Sponsorship	
Information Technology	
Lease Purchase	
Lobbying & Legislative Tracking	
Loss Control / Training	
Office Insurance	
Office Supplies	
Other Expenses	
Postage	
Incentives	
Printing	
Professional Fees	
Professional Fees	
Property & Equipment	
Staff Expenses	
Staff Salaries	
Staff Retirement	
Staff FICA	
Staff Medical Insurance	
Telephone	
<b>TOTAL ADMINISTRATION</b>	<b>37,200</b>

<b>TOTAL LOSSES AND EXPENSES</b>	<b>960,738</b>
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<b>NET INCOME</b>	<b>0</b>
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# Utah Counties Insurance Pool Payments

November 13 - December 18, 2003

Type	Date	Num	Name	Memo	Split	Amount
<b>WF-Expense</b>						
Check	12/29/2003	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-281.00
Check	12/29/2003	VISA	Wells Fargo	Account Number: 4856 2002 0646 9788	-SPLIT-	-1,321.27
Check	12/29/2003	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-465.65
Liability Check	12/30/2003		QuickBooks Payroll Service	Created by Payroll Service on 12/23/2003	-SPLIT-	-6,512.13
Paycheck	12/31/2003		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	12/31/2003		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	12/31/2003		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Check	1/1/2004	2197	M. Lee Smith Publishers	Order Number: 9264681-B4	Dues / Subscriptions	-741.00
Check	1/1/2004	2198	Utah Safety Council	Invoice Number: 77267	Loss Control / Training	-340.00
Check	1/1/2004	2199	Mountain View Software	Invoice Number: 12480	Information Technology	-30,000.00
Check	1/1/2004	2200	The Defense Research Institute, Inc.	Membership Dues: 262898	Dues / Subscriptions	-195.00
Liability Check	1/1/2004	2201	Utah Local Governments Trust	Customer Number: 1576.0	-SPLIT-	-4,533.02
Check	1/6/2004	2205	Utah Labor Commission	Self Insurance Application Fee	Fees & Licensing	-1,200.00
Liability Check	1/7/2004		United States Treasury	87-0495792	-SPLIT-	-4,269.52
Liability Check	1/14/2004		QuickBooks Payroll Service	Created by Payroll Service on 01/12/2004	-SPLIT-	-8,704.27
Liability Check	1/15/2004	2206	Utah State Tax Commission	Z68319	Payroll Liabilities	-2,645.74
Liability Check	1/15/2004	2238	Utah Retirement Systems	Unit No: 864 (December 2003)	-SPLIT-	-3,320.39
Paycheck	1/15/2004		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	1/15/2004		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	1/15/2004		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	1/15/2004		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	1/15/2004		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Liability Check	1/15/2004	2207	Utah Local Governments Trust	Customer Number: 1576.0	-SPLIT-	-4,627.34
Check	1/15/2004	2239	TCNS, Inc.	Invoice Number: 1625	-SPLIT-	-3,652.50
Check	1/15/2004	2208	County Reinsurance, Limited	UCIP - Liability	-SPLIT-	-557,598.00
Check	1/15/2004	2240	County Reinsurance, Limited	UCIP - Workers Comp	-SPLIT-	-99,271.00
Check	1/15/2004	2209	Suittier Axland	Invoice Numbers: 1264534	-SPLIT-	-2,108.01
Check	1/15/2004	2241	Utah Association of Counties	Invoice Number: 316	-SPLIT-	-329.45
Check	1/15/2004	2210	Verizon Wireless	Invoice Number: 1831981210	Telephone	-31.11
Check	1/15/2004	2242	Verizon Wireless	Invoice Number: 1832251035	Telephone	-32.79
Check	1/15/2004	2211	Larson & Company	Invoice Number: 7809	Accounting	-62.50
Check	1/15/2004	2243	Qwest	Account Number: 801-293-3098-606B	Telephone	-134.07
Check	1/15/2004	2212	Utah Association of Counties	County Officials Day Sponsorship	Exhibiting & Sponsorship	-250.00
Check	1/15/2004	2244	TelAmerica	Invoice Number: 1541904	Telephone	-87.50
Check	1/15/2004	2213	Hotel del Coronado	Confirmation Number: 6108028	-SPLIT-	-398.00
Check	1/15/2004	2245	Mark W. Brady	Per Diem	-SPLIT-	-225.00
Check	1/15/2004	2214	Lester J. Nixon	Reimbursable Expenses	-SPLIT-	-62.12
Check	1/15/2004	2246	Korby M. Siggard	Per Diem	-SPLIT-	-225.00
Check	1/15/2004	2215	Utah Association of Counties	Invoice Number: 313	Maintenance	-1,132.00
Check	1/15/2004	2247	Utah Association of Counties	Third Quarter	-SPLIT-	-4,275.17
Check	1/15/2004	2216	Ira Hatch	Mileage Reimbursement	Board Expense	-99.00
Check	1/15/2004	2248	Steven Wall	Reimbursable Expenses	Board Expense	-118.80
Check	1/15/2004	2217	Gene Roundy	Mileage Reimbursement	Board Expense	-188.64
Check	1/15/2004	2249	James Eardley	Mileage Reimbursement	Board Expense	-216.00
Check	1/15/2004	2218	Kay Blackwell	Mileage Reimbursement	Board Expense	-136.80
Check	1/15/2004	2250	Steve Baker	Mileage Reimbursement	-SPLIT-	-248.51
Check	1/15/2004	2219	Lynn Lemon	Mileage Reimbursement	Board Expense	-64.80
Check	1/15/2004	2251	Kent Sundberg	Mileage Reimbursement	-SPLIT-	-230.40
Check	1/15/2004	2220	Dan McConkie	Mileage Reimbursement	Board Expense	-21.96
Check	1/15/2004	2252	Jerry Grover	Mileage Reimbursement	-SPLIT-	-224.64
Check	1/15/2004	2221	Thompson Publishing Group, Inc.	Account Number: 5545124	Loss Control / Training	-369.00
Check	1/15/2004	2253	Business Insurance	Account Number: 000007767763	Dues / Subscriptions	-97.00
Check	1/15/2004	2254	Tri-Tel Communications, Inc.	Invoice Numbers: 123668	Office Equipment	-134.50
Check	1/15/2004		A La Carte Catering	Invoice Numbers: 2022	Board Expense	-127.00
Total WF-Expense						-741,307.60
<b>TOTAL</b>						-741,307.60

